

# **POLITICAL CHANGE IN CHINA: PUBLIC PARTICIPATION AND LOCAL GOVERNANCE REFORMS**

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## **ROUNDTABLE BEFORE THE CONGRESSIONAL-EXECUTIVE COMMISSION ON CHINA ONE HUNDRED NINTH CONGRESS SECOND SESSION**

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**MAY 15, 2006**

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## **POLITICAL CHANGE IN CHINA: PUBLIC PARTICIPATION AND LOCAL GOVERNANCE REFORMS**

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**MONDAY, MAY 15, 2006**

**CONGRESSIONAL-EXECUTIVE  
COMMISSION ON CHINA,  
Washington, DC.**

The roundtable was convened, pursuant to notice, at 10 a.m., in room 2255, Rayburn House Office Building, David Dorman (Senate Staff Director) presiding.

Also present: John Foarde, House Staff Director; Carl Minzner, Senior Counsel; Pamela N. Phan, Senior Counsel; William A. Farris, General Counsel; and Kara Abramson, Counsel.

Mr. DORMAN. Well, it is 10 o'clock. I think we can get started.

On behalf of our Chairman, Senator Chuck Hagel, and our Co-Chairman, Representative Jim Leach, I would like to welcome everybody to this staff-led Issues Roundtable of the Congressional-Executive Commission on China.

This particular roundtable is entitled, "Political Change in China: Public Participation and Local Governance Reform." We are very pleased because we have an exceptionally distinguished panel to help the Commission understand this very important issue.

But before we get to introductions, I would like to explain just briefly how our staff roundtables work. First, I will make a short statement to introduce the roundtable topic. Then I will follow with introductions for each of our witnesses. After each introduction, each witness will have 10 minutes to make an opening statement. After all the witnesses have been introduced and made statements, we will begin question and answers. Each person on the dais will have an opportunity to ask a question and hear an answer. We try to keep each round to five minutes, so that we have ample time for everyone to ask one or two questions. We will keep asking questions and hearing answers until 11:30 a.m., or until we run out of questions.

I have been with the Commission a number of years now, and we have never run out of questions and answers before our 90 minutes were up, so I am certain that we will fill the entire time. We will try to end promptly at 11:30, as we have promised our panelists today.

I will start now with a short statement introducing the roundtable.

More Chinese citizens want a voice in the decisions that affect their lives, and some activists have publicly called for change. Environmental activists have challenged the government on hydro-

electric and other infrastructure projects. Intellectuals have submitted positions criticizing authoritarian policies, and rural farmers are forming associations to protect their collective interests. But Chinese officials use regulations, and sometimes prison terms, to suppress direct criticism of senior government leaders or Communist Party rule.

At the same time, the government is experimenting with some limited governance reforms. These reforms seek expansion of citizen political participation at the local level, while giving the Party new tools to govern a rapidly changing China.

This roundtable will review Chinese citizens' demands for greater political participation, examine official Chinese efforts at limited reform, and consider whether these trends offer any possibility for meaningful political change in China.

I would now like to introduce our first panelist, Professor Merle Goldman, who has testified to the Commission before, and we are delighted that she has agreed to join us again. Professor Goldman is Professor Emerita of Chinese History at Boston University, and Executive Committee Member at the Fairbank Center for East Asian Research at Harvard University. Professor Goldman is the author of numerous books and articles on Chinese politics and citizen political participation in China, including her most recent book, "From Comrade to Citizen: The Struggle for Political Rights in China." Other works include "Sowing the Seeds of Democracy in China," "Political Reform in the Deng Xiaoping Decade," and "China's Intellectuals: Advise and Dissent." In addition to teaching at Boston University, Professor Goldman serves as an adjunct professor at the U.S. State Department's Foreign Service Institute.

Professor Goldman, thank you very much for coming today. You have 10 minutes for an opening statement.

**STATEMENT OF MERLE GOLDMAN, PROFESSOR EMERITA OF CHINESE HISTORY, BOSTON UNIVERSITY, AND EXECUTIVE COMMITTEE MEMBER, FAIRBANK CENTER FOR EAST ASIAN RESEARCH, HARVARD UNIVERSITY, BOSTON, MA**

Ms. GOLDMAN. Thank you for inviting me. This is a great topic and I am happy to be able to talk about it.

All of you know that China has had sweeping economic reforms and has had few political reforms. Most of you know about elections for village head and village councils. This is certainly an important political reform, but there have been others as well. For example, the fact that Deng Xiaoping decreed that the head of the Party can serve only two five-year terms means that when there was the transition from Jiang Zemin to Hu Jintao in 2002–2004, it was the smoothest transition in Chinese Communist history. The reason for the Party's introduction of these political reforms was to bring about stability after the chaos of the Cultural Revolution.

By contrast, my new book, "From Comrade to Citizen: The Struggle for Political Rights in China" focuses on political changes from below without the Party's sanction. I define a "citizen" as one who asserts one's rights to participate in political affairs without being told to do so.

During the Mao Zedong period (1949–1976), there was criticism of the Party during the 100 Flowers movement (1956–June 1957)

and China's Cultural Revolution (1966–1976) when Mao mobilized Red Guards to go out and rebel against the Party because he thought the Party was conspiring against him. In these two cases, Mao mobilized people to criticize the Party in efforts to enhance his own personal stature.

What is different in the post-Mao period is that people assert their political rights without being ordered to do so. One group that asserted political rights was the members of the Cultural Revolution generation. These were the young people who Mao mobilized to rebel against authority, particularly against Party officials. When they caused chaos, Mao sent them to the countryside, where far away from authority, their parents, and the Party, they began to form their own groups, engage in discussions of political issues and question the political system.

Thus after Mao died and they returned to the cities, they became the ones that led what came to be called the Democracy Wall Movement (late 1978–1979). They used the methods they had learned in the Cultural Revolution—putting up big wall posters, engaging in public debates, and printing and distributing pamphlets. They called for political reforms as well as economic reforms and they criticized the Marxist-Leninist Party-state. Their demands called for some form of checks and balances so that China would “never again” be ruled by a leader with unlimited power.

Deng Xiaoping allowed the Democracy Wall to continue off and on for almost a year because he used it in his effort to get rid of the Maoists still in the government. Once that was accomplished, however, he then cracked down on the Democracy Wall participants. Members of the other generation involved in trying to assert their political rights in the post-Mao era were the participants in the 1989 Tiananmen demonstrations, which spread to virtually every city in China. Again, the Party sent the military to crack down on them very severely on June 4, 1989.

Although the Party arrested the leaders of these two movements, China released most of them in the mid-1990s in an effort to get the Olympics in 2008. Their release is an example of how external pressure can bring about some kind of change in the policies of the Chinese Communist Party. Another example of the result of external pressure is China's signing of the two UN covenants: the one on economic and social rights in 1997 and the one on political and civil rights, in 1998. Though the first covenant has been ratified by China's National People's Congress, the second has not yet been ratified.

While Mao did not care what the outside world thought of what he did, China's post-Mao leaders do care. They want to be accepted in the international community and be seen as playing by the rules of the international community. It does not mean, however, that the Party is going to change its policies because of external pressure. But Chinese who seek to assert their political rights refer to Chinese signature on these covenants as well as Article 35 in the Chinese Constitution that calls for freedom of association and freedom of expression as the basis for their actions. A similar approach was used by dissidents in the former Soviet Union and Eastern Europe in the 1970s and 1980s, who used the fact that the Soviet

Union had signed the Helsinki Accords as the basis for their demands for human rights.

The release of political prisoners of the Democracy Wall and 1989 movements led to new kinds of political actions in the 1990s. In my book, I describe, for example, the effort to establish an opposition political party in 1998 called the China Democracy Party.

The leaders of this party were veterans of the Democracy Wall and 1989 Tiananmen movements, in alliance with small entrepreneurs, farmers, and workers. It is the first time in the People's Republic that intellectuals joined with other classes in some kind of political action.

This effort to establish an opposition Party continued for almost six months before the Party cracked down. In part, this movement was able to get off the ground because at the time of its inception in June 1998, China hosted a stream of important foreign officials. Also, the China Democracy Party founders used procedures to register their party that were used to register NGOs. They registered the China Democracy Party as a local NGO in Hangzhou and then registered it as NGOs in cities along the coast and then inland. Next, they registered it as a regional NGO in China's northeast and the plan was eventually to register China Democracy Party as a national NGO. They were able to get this movement organized so quickly through use of the new technologies, particularly the Internet and cell phones. They had codes of communication that got around the Party's censorship and filters.

The emergence of this multi-class effort of intellectuals, small business people, workers, and farmers is unique in the People's Republic. The intellectuals during the Mao period as well as during Confucian times saw themselves as a class apart and did not seek to join with other classes in political actions. When workers tried to participate in the 1989 Tiananmen demonstration, for example, the students refused to let them join their demonstration and isolated them in an area away from their movement. The China Democracy Party leaders not only saw themselves as an elite group, but they also knew that ever since the emergence of the Solidarity movement of intellectuals and workers in Poland in 1980 that helped to bring down the Polish Communist Party, the Chinese leadership feared such an alliance of workers and intellectuals in China. It could be that having already lost their elite status because of their political activities, the leaders of the China Democracy Party felt they had nothing to lose by joining with other classes.

Therefore, it is likely that the forces pushing for political reform in China at the start of the 21st century will be similar to the coalition that attempted to establish the China Democracy Party—some alliance of disestablished intellectuals with workers, small entrepreneurs, and farmers. It will not be the bourgeoisie, an independent middle class, that we associate with rise of democracy in the West. At present, China's rising middle class is not independent. Because China's newly rich entrepreneurs have to rely on the help of local Party officials in order to get access, for example, to land, licenses, and resources, they are dependent on the help of local Party officials. Moreover, as soon as they become successful, they are quickly recruited into the Party. Therefore, it is other members of China's new middle class—journalists, defense lawyers,

academics, and disestablished intellectuals, who support themselves as free-lance writers, small entrepreneurs, or workers who have been the leaders for political reform.

In particular, the leaders of the Democracy Wall and 1989 Tiananmen movements in alliance with small entrepreneurs, workers, and farmers, whom, I believe, will be a force for political change in China in the future. How long it will take, I will not say, but I think that change is already underway on the ground.

I conclude my book with examples of how the concept of political rights has spread beyond the intellectual class to the population as a whole. Actually, I witnessed one such example in a protest of farmers on the outskirts of Xi'an in front of the Big Goose Pagoda in 2004. The farmers were demanding their rights to land that had been taken away from them for modernization projects. A group of farmers held up wall posters, which said: "You have taken away our land; we have not been compensated," or "We have not been compensated enough." And the posters declared in big bold letters "We want our rights." This is just one example of how the concept of rights is moving beyond the intellectual class to the population at large.

Kevin O'Brien, a political scientist at Berkeley, points out that people "act as citizens by their actions." Yet, what is happening in the early 21st century is that Chinese farmers and workers are also acting as citizens in what they say. Rights consciousness is spreading to the Chinese population at large. Thus, I will end on this optimistic note. I believe, as we have seen in other post-Confucian countries—Japan and South Korea—and also in Taiwan, that political changes are beginning in China due primarily to pressure from below. Of course, China is much bigger, much more complicated, and has had less direct contact with Western democratic countries until the past few decades than the other post-Confucian countries. It may take longer than in the other post-Confucian countries. Nevertheless, the beginning of a rights consciousness that has spread beyond a small group of intellectuals to the population as a whole, I believe, is the beginning of that change.

[The prepared statement of Ms. Goldman appears in the appendix.]

Mr. DORMAN. Professor Goldman, thank you very much for a very timely statement, I think, and it will certainly generate lots of questions on the panel. Thank you for that.

Next, I would like to introduce Professor Joseph Fewsmith, who is the Director of East Asian Studies Program and Professor of International Relations and Political Science at Boston University. Professor Fewsmith is the author of numerous books and articles on Chinese politics and political reforms, including "China Since Tiananmen: The Politics of Transition," "Elite Politics in Contemporary China," and "The Dilemmas of Reform in China: Political Conflict and Economic Debate."

Professor Fewsmith, thank you very much for agreeing to testify to the Commission again. You have 10 minutes. Thank you.

**STATEMENT OF JOSEPH FEWSMITH, DIRECTOR OF EAST  
ASIAN STUDIES PROGRAM, PROFESSOR OF INTERNATIONAL  
RELATIONS AND POLITICAL SCIENCE, BOSTON UNIVERSITY,  
BOSTON, MA**

Mr. FEWSMITH. Thank you very much for inviting me back to testify to the Commission. I respect your work, and you ask good questions. If I make my statement long enough I will not have to face too many of your good questions. [Laughter.]

My good colleague, Professor Goldman, tends to focus on activists who are bringing about, or trying to bring about, political change in China. They are, if you will, an external force that tries to force the Party to make positive changes. Over the last year or so I have been focusing more on what the Party itself is doing.

As we all know, Chinese society is a pluralizing, economically diverse society and it, in many ways, simply does not match an old-style, hierarchically organized Leninist, Communist Party. The Party itself understands that and is beginning to do a number of things to meet the change that is coming not just from activists, but from all sorts of actors in society.

Some of the reasons for the changes that I see, and I will get to those changes in a second, are the results of village elections. That is one thing. It is not so much the village elections themselves, which have been somewhat criticized, I think, in China recently. Those on the right are disappointed that they have not led to raising the level of elections to the township or to the county level; those on the left criticize the elections for allowing village power to fall into the hands of the new local elite, the moneyed elite. But what the elections did was, first and foremost, to introduce a principle: that people have the right to choose their own leaders. Second of all, it gave the village chief, the government side of the local government structure, a legitimacy that the Party secretary did not have. That has set off frictions at the village level and above, and those tensions have forced the Party in some ways to respond to this pressure, and to a limited degree to begin to look at ways that can incorporate popular mandates into its own rule. So, elections are one factor.

Another factor is generational change. Generational change is also important, not because younger people are necessarily brighter, though many in the younger generation in China are far better educated than their elders, but because a first generation revolutionary elite has a certain legitimacy that comes from the victory of the revolution. As you pass to the second, third, or fourth generation, depending on how you are counting, there arises an inevitable political question that all political systems must face: Why do you have power and why do I not? What gives you the legitimacy? As you go through generational change, I think those sorts of questions become much more pointed.

Third, as we all know, there have been a lot of problems throughout China in terms of corruption and abuse of power. There is a need to supervise the local political leaders. This is a need that is felt both by the center of the system, as well as by the citizen. In that sense, there is a somewhat strange collaboration between the center of the Party, the Party-State leadership, and the citizens of

China who want to bring about a more orderly, more supervised, more regularized use of political power at the local level.

Finally, I would agree with Professor Goldman that there is a changed consciousness in China. This is really very difficult to define, and I have not seen really good survey research on this yet, but I think it is quite palpable.

In part, this is because more people have greater wealth; once the stomach is a little full, you can think about other things. But it is also because of greater mobility in the society. Many people throughout the country, perhaps particularly along the east coast, but I think throughout the country, have traveled to other places and they pick up ideas. One channel of those ideas, by the way, has been army soldiers who have been recruited, trained, and assigned to serve in other places, and then they come home to look at the abuse of power at the local level. Their experience seems to give them a greater confidence to confront abuses. Others on the move around the country are merchants who have gone to other places, and bring back new ideas. So there are a lot of reasons.

So what are the types of political change? In the written statement that I have submitted to you, and I will spare you the agony of listening to me read it, I point to two broad types of change. This is somewhat arbitrary, but perhaps is a useful first cut. One is an effort to readjust the relationship between the Party and actors in the society, and the other is inner-Party democracy.

First, on the readjustment of relations between the Party and society, I cite two examples. One, is the rise of chambers of commerce. This is by no means a universal phenomenon. The chambers of commerce, which is another name for the Gongshanglian, or the All-China Association of Industry and Commerce. In the North China Plain, chambers tend to be very weighted down with official dominance. They tend to be not very active and not very interesting, although there are some interesting private associations that are growing up apart from these official chambers.

In southern China, and particularly in the city of Wenzhou, chambers of commerce have become quite active, and they are very interesting. As you undoubtedly know, Wenzhou became famous in the 1980s for its model of private entrepreneurship, and it is really a fascinating phenomenon to watch this previously extremely poor, overpopulated area just take off economically.

My first trip to Wenzhou was actually last year, and it was really interesting. This is a modern city of about 5 million people. It may not be on Shanghai standards, but it has got all the designer stores, broad highways, and the merchants are doing quite well.

A significant number of the chambers of commerce there have been developing "outside the system," as they say in China. That is to say, business people in a particular line have been grouping together for a variety of purposes. One, of course, is to ensure quality control. This initially started, as I mentioned in my statement, because Wenzhou merchants not only became famous for producing cheap goods in the sense of price, but also "cheap" in that derogatory sense of not being very good.

When angry residents of Hangzhou burned 5,000 shoes, it motivated the shoe manufacturers in Wenzhou to want to do something about it, and a chamber of commerce was the answer.

In many instances, these chambers can work with government to come up with policies. So there is a collaboration between government and the private sector that simply did not exist a few years ago.

Much more interesting, I think, in terms of the sorts of change that you are looking at, is north of Wenzhou there is a city called Wenling, 1.1 million people, and they have been doing something that they call “democratic consultative meetings,”—*minzhu kentan hui*. They are very much like the public hearing systems that you are familiar with.

In most of these villages and townships under Wenling, you put up a poster announcing a hearing on paving a road, or building a separate business district, or building a school, or whatever. In other words, these hearings revolve around capital construction projects and the use of public funds, and anybody who is interested may come.

That has, I think, brought limited, but important, change. Issues are aired publicly. Government officials feel at least some pressure of being supervised. That is a model that I think is being touted quite a bit throughout China these days. I have not yet seen it spread, but I am reasonably optimistic that you will see similar phenomena cropping up in other parts of China.

My initial inclination was to write off inner-Party democracy as an excuse to avoid the real thing. To a certain extent, that is true. Yet, the more I have looked at this phenomenon, the more I have thought that there is something interesting going on here. Moreover, if you are going to match some of the pressures that are going on at the local level, the Party itself needs to become, at least in some ways, more democratic, by which I mean conducting its affairs in a more open and transparent manner.

Now, there have been a number of interesting variations on this. The permanent representation system is one system that is being adopted in a large number of places in China.

According to the Chinese Communist Party's own constitution, the Party Congress is supposed to be the most authoritative organ; it selects the central committee or the relevant Party committee at different levels, which then picks a standing committee, which picks a secretary. But, of course, the way it has worked in the past, is that the Party committee meets, they are told who to vote for, they vote, they go home the next day and they are gone. It is a very honorific sort of function.

Now the effort is to extend the terms of Party delegates to make it a full five-year term with annual meetings. The whole purpose of this is to readjust the relationship between these Party representatives, the various committees, and to exercise some real supervision.

This is still a fairly new system. The earliest that I know of dates back to 1988. More recently, you have had some from the mid-1990s, and particularly the early 2000s. But on the other hand, it has become extended throughout several parts of China and has some potential.

I think time is running a bit short. Let me just mention the “public promotion, public election”—*gongtui gongxuan*—system,

which has been predominantly practiced in Sichuan, although there are parts of Jiangsu Province that have done this as well.

Gongtui means to publicly promote or to publicly recommend. In different areas, this takes on different forms. It could be simply that all Party members in that area participate. That is, of course, a very limited type of political participation, but a lot more than you used to have. In other areas, it does mean public. That is to say, particularly at the village level, that all villagers might say, "Of all Party members here, who would we recommend as the Party secretary?" So, again, there is this effort to incorporate at least a degree—I do not want to exaggerate, but a degree—of public will to legitimize the selection of the Party secretary.

So what are the implications of all of this? First of all, you are introducing at least some limited democratic principles into the Party, at least at the local level. By "local level," I mean, at the village and township level. I have not yet seen this reach up to the county level.

This expansion to the township level is interesting because, as I mentioned at the start, the village elections have not been extended to the township level—except in a few instances—so they seem to be taking sort of a circuitous route to introduce at least limited democratic principles at a higher level, but in ways that do not threaten the Party itself.

This system appears to be a controlled introduction of political participation. That is, I suppose, the second point, is that the Party is not losing control. The Party is still very much in control at all levels of society, but it is beginning to change in limited ways and at the local level.

Now, the question that I suppose that you are really interested in and which I really cannot answer, is: Is this a step toward democracy or, perhaps, a step away from democracy? My inclination is to think that what is happening is that new mechanisms are evolving that will, at least to a limited extent, relieve social pressure, re-legitimize the Party, at least to a certain extent, and alleviate some of the pressures to implement Western-style democracy.

Is this good or bad? If it leads to better governance and more political participation, that would seem to be positive. Whether this ultimately leads to something of a more thorough-going democratic nature is very difficult at this point to say. It may, as I just noted, in some way alleviate pressures to do precisely that.

[The prepared statement of Mr. Fewsmith appears in the appendix.]

Mr. DORMAN. Professor Fewsmith, thank you very much once again for a very useful and interesting statement.

Our next panelist is Mr. Xie Gang, who is former Senior Program Officer, Law and Governance Programs, for the Asia Foundation. Mr. Xie has managed and supervised Asia Foundation projects in mainland China for the past six years. The Asia Foundation conducts projects in China directed at improving rural governance, government accountability, legal reform, and the conditions facing migrant women workers.

Mr. Xie, you have 10 minutes for an opening statement. Thank you for agreeing to testify.

**STATEMENT OF XIE GANG, SENIOR PROGRAM OFFICER, LAW  
AND GOVERNANCE PROGRAMS, THE ASIA FOUNDATION,  
WASHINGTON, DC**

Mr. XIE. Thank you for inviting me to speak here. It is an entirely different experience for me.

What I would like to talk about is my own experience and observations of The Asia Foundation's rural governance programs in China.

In the past four years, we have been providing grants to a number of grantees with U.S. Government money and private money to work on improvement of rural governance in China. We first started off our programs to look for some alternative dispute resolution mechanisms. That is where we did programs to look into the types and causes of the rural conflicts. I have listed those programs in my statement.

The first program was a survey. After we did the survey, we felt that the problems were not just as simple as providing solutions to reconcile conflicts. It looked like more of a structural problem with the rural governance, especially at the township level.

So, our following programs turned into some sort of effort, on the governance side, to try to improve the governance by holding the government more accountable. That is where we have some programs to look for some mechanisms for more transparency, for better management, standard procedures that the farmers could follow or the local governments could follow in providing public services, and that is where we did those programs.

We also provided training for those farmers who tried to complain and petition to the government about their problems, where their rights had been disrupted. Also, we tried to train some township employees so they could better interact with the farmers when the farmers came to petition and complain.

On the farmers' side, we also tried to provide some kind of assistance by helping set up farmers' associations. That is where we provided a grant to look into the existing types of farmers' associations, especially in areas like Hunan province where most of the farmers try to protect their rights and have most of the problems.

Then after the survey, we felt that farmers' associations, at that time, about three years ago, could be politically sensitive. So we and our grantees came up with the idea that we would focus more on the farmers' production cooperatives. Our grantees hope, in the long run, that such cooperatives could evolve into some type of farmers' organizations that may help protect their rights and help improve local governance.

About my observations, I have listed some of them in the statement, but I would like to talk more about my observations of current situations, because most of our programs were implemented before the agriculture tax was abolished. Now that the agriculture tax has been abolished, we want to look at what is going on in rural areas, and how will that affect local governance and political reform in rural China.

From our experience and programs, it can be summarized that, in general, there are two types of conflicts. To put it in the farmers' words, one type of conflict is caused by the fact that local cadres do things they are not supposed to do. The other type of conflict

is caused when, the farmers say, local cadres do not do what they are obligated to do. Our programs are actually looking to the first one. Currently, most of the conflicts belong to the second type.

After the government introduced a new agricultural policy to protect farmers' rights, and abolished the tax, it looks like the actions of the grassroots government have been restrained more by the central government and they have to follow certain types of rules and regulations. However, these new policies have not really helped change the local governance or improve the functions of the grassroots government. For example, there have been new types of conflict since the agriculture tax was abolished.

The first type of conflict was caused by a number of farmers who had been paying the tax for many years and were not happy with those farmers who had not paid taxes. They were complaining. Farmers who had been paying the tax were not happy after the tax was abolished because they felt they did not enjoy equal treatment, and they had been following instructions and paying the taxes all along. Those who had not been paying the taxes had gotten away with it. So, that could be another new type of conflict.

The other conflict is farmers who had given up their land because they did not want to pay tax for many years, though they went into other areas and were involved in other businesses. Now that tax is abolished, they want to come back and get the land they had given up, but they cannot sometimes. That is another type of conflict.

The third, of course, is after the tax was abolished, the local government has tremendous financial problems. They are now short of revenue. They used that as a pretext to stop doing some of the public services that they are supposed to provide, and farmers now complain that the cadres do not do things that they are supposed to do. So, that is another type of conflict.

Personally, I think this problem in rural areas is actually rooted in the long history of under-investment in agriculture. Even throughout the 50 years after the People's Republic was founded, agriculture has been very much under-invested, and farmers have just been left alone to look after their own production and well-being. Because of all these years without enough investment, agriculture is under-developed. Before the agriculture tax was abolished, it only accounted for 4 percent of the central government revenue. Last year, agriculture only accounted for 12 percent of GDP, including animal husbandry, fisheries, and forestry.

So agriculture is somehow insignificant in Chinese economic development, and it has been neglected for a long time. That kind of under-investment has caused all these financial problems, and that could be a very basic reason for the lack of good governance in the countryside.

Also, for the township government, there seems to be an intention to reform agencies at the grassroots level. However, the township government is now challenged with many problems.

The very fundamental problem, I think, is the fact that it has been given too many functions since the day it was born, because the township government is the lowest level of Chinese governance structure, and it has all the functions that all the higher levels of government are given.

It has the function to develop the local economy, it has the function to work on United Front and Party Central Committee issues, and also it has family planning, tax collection, and all these functions. But it does not have enough revenue to work on these functions, so it has been a structural problem since the day it was established after the People's Commune was abolished.

The second problem, of course, is that the township government is now over-staffed. Because of so many functions, it has a large staff body. To reform the township government means to lay off a large number of cadres.

So what can we do about this? Scholars have been discussing abolishing the township government. Also, there are many other pilot experiences to improve the local governance.

But I think the final solution to the improvement of local governance should be focused within the structure of the township. In other words, the reform has to be initiated within the current political framework. There is also a strong force within the government to start reform. But the problem is how to initiate the solution to the problem and which way they can go.

The other problem is to improve the farmers' awareness, because the government talks about protection of farmers' rights. But the farmers' rights have to be eventually protected by themselves. I do not think there can be immediate political reform. It has to be a long-term effort. Thank you.

[The prepared statement of Mr. Xie appears in the appendix.]

Mr. DORMAN. Good. Thank you very much, Mr. Xie.

I will start with a series of short questions for the panelists.

Professor Goldman, thank you again for speaking to the Commission. It is greatly appreciated. I wanted to ask, if we could look out over the horizon, what are the possibilities, and what sort of conditions would have to develop, for another China Democracy Party to emerge?

Ms. GOLDMAN. It would be necessary to have leaders in the People's Republic of China who were willing to countenance what is already happening on the ground. An ideal scenario would be to have a leader comparable to Chiang Ching-kuo, who, when he came to power in 1987 after the death of his father, Chiang Kai-shek, recognized the changes that were occurring on the ground—a more open press, civil society and beginnings of organized political groups—and confirmed the reality of democratic institutions that were already functioning.

In other words, I think it is going to be very difficult to get an opposition party off the ground in China as long as the Communist Party retains its legitimacy and capacity to repress any protest. If there should be some slowing of the economy, which we have not yet seen, that could undermine the legitimacy of the Party, which is based on its ability to maintain a high rate of growth. Also, if the Party is unable to slow the increasing disparities between the urban and rural sectors and deal with the issues of education, healthcare, and social security in the countryside, that too may provoke growing protests that have been estimated at 87,000 in 2005. Though the Taiwan scenario is rejected by the leaders as well as ordinary people in the People's Republic, China would be fortunate to follow the Taiwan trajectory. There is no question that Chiang

Kai-shek and the Kuomintang were very repressive when they retreated to Taiwan in the late 1940s, but in the early 1950s, they began village elections and then moved grassroots elections up the political ladder to the township, the counties, the provinces levels and finally national level. China introduced village elections in the late 1980s, but with a few exceptions, elections have not moved up to higher political levels. It is likely that the leadership fears elections at the township level, for example, because, in order to have township elections, it is necessary to organize politically, because a township encompasses several thousand inhabitants rather than the 900 or so inhabitants of a village in which everyone knows one another. There is more freedom of expression in China today than during the Mao era, but the regime cracks down severely on any unsanctioned efforts to organize politically. What the Hu Jintao government fears most is the establishment of any political organization outside the control of the Party.

Mr. DORMAN. Good. Thank you.

Did either Professor Fewsmith or Mr. Xie want to comment? You do not need to.

Mr. FEWSMITH. Why do I not wait for the next question?

Mr. DORMAN. All right. Good. Thank you.

Mr. FEWSMITH. Then maybe I can pick up some things.

Mr. DORMAN. Well, this is a question that goes both to Professor Fewsmith and Mr. Xie. I had the opportunity to read your written statement just before the roundtable, Professor Fewsmith, and you point to the importance of political entrepreneurship at the local level.

In Mr. Xie's written testimony, he describes a real lack of that sort of capability at the township level.

Could either or both of you comment on the reasons that political reforms have not moved from the village to the township level? To what extent is this due to a lack of enlightened political leaders at that level, as Mr. Xie describes in his written testimony, or is this being blocked from the center?

You may not have had the opportunity to read Mr. Xie's statement, and I do not want to misquote, but I think he was fairly disappointed with the capabilities of officials at the township level. Could you comment on whether this lack of political entrepreneurship is one reason we have not seen political reforms move up one level?

Mr. FEWSMITH. All right. Let me try to generalize a little bit from some of the examples that I know. First of all, as Professor Goldman just said, the Party is very strong. If you would like to have a political experiment at a particular level, you really do need to have the support, at least the tacit support, of higher-level political leaders. If you just decide to have a local experiment, your career is not likely to last very long. If you push it way beyond that, you may find yourself in some serious trouble.

One of my first observations is that the sorts of political reforms that I was addressing in my statement do have at least the tacit political support of the Party, specifically of the Organization Department of the Party, which undoubtedly is a very conservative organ, but it is also extremely well aware of what is going on. They are not stupid. They do surveys, they understand the tensions, and

they are trying to devise solutions to those while maintaining the structure of the Party. That statement applies both to the Central Organization Department, which has carried out a lot of surveys and has had a lot of discussions on these sorts of issues, as well as local organizations.

So, for instance, I think there is quite a bit of evidence that the provincial Organization Department in Sichuan province has been very supportive of some of the experiments that I have been talking about. I know that the sorts of experiments that I was talking about on consultative democracy in Zhejiang Province have had the support of the political leadership at higher levels.

So it is a certain combination of a willingness to be entrepreneurial, to try things out, to say, "Let us do something," but also an ability to secure the recognition, the approval at higher levels that, "Look, if we do this, it will solve this, this, and this problem, and will not create more problems than it will solve." So, there is something of a framework there.

I think China is an extremely big place, and almost no statement is true of the whole place. So, yes, at the township level I think you can find a lot of problems with political leadership.

Most of the reforms I have been talking about are actually supported at the city and county level, if not higher, and implemented at the township level.

But I do think that you have a lot of pressure on, and willingness from, lower level cadres to do things. They say, "Boss, we are facing problems, we need to do something." So there is a certain bottom-up pressure, and sometimes the higher levels will support that, sometimes they do not. One of the things I mention in my paper is that I think you see more political reform in Wenling, whereas you see more "civil society" in Wenzhou. Well, how do you explain this? Well, Wenzhou is a very big, important, economically powerful city. Just the term "Wenzhou model" is very evocative throughout China. You start doing political reforms there, that is going to set off some real tremors.

So I think—I do not know, but I think—that is one reason why you see chambers of commerce and so forth restricted to certain delineated roles, and you are not doing other types of political reforms is because of the size and importance of a city like Wenzhou. Whereas, if you take a smaller city like Wenling and you say, "If it does not work, nothing bad is going to happen," then you can experiment more freely. So it is a combination of local society, local leaders, and higher level leaders.

Mr. DORMAN. Good. Thank you very much.

Mr. Xie, did you want to comment?

Mr. XIE. Yes. I just have one comment. I think, from the central government, it does not really have a sense of direction where to go, and whether or not it has the resources to do it.

Also, China is so large and also so much centrally controlled, if the provincial government has more room for its own policies, I mean, political reform may be easier to start at the local level.

Mr. DORMAN. Good. Thank you very much.

I would like to turn the questioning over to my colleague, John Foarde, who is House Staff Director for Co-Chairman Jim Leach. John.

Mr. FOARDE. Thank you, Dave. Thanks, too, to all three of our panelists for coming this morning and sharing your expertise with us. Our Commission members appreciate it, and we on the staff appreciate it very much.

I, too, have two or three relatively short questions. I was struck by a comment, Professor Goldman, in your statement that the sense that this popular rights consciousness is really a bottom-up phenomenon, it is bubbling up from the bottom. Yet at the same time, as Mr. Xie was mentioning, we see a lot of top-down orders coming down from the Party and down from the central government.

I find it personally a little bit ironic that, in the context of WTO implementation and compliance, the U.S. Government has been looking to the central government in Beijing to push compliance down from the central level to the provincial, and then to the local.

So I guess what I am wondering, is what is the right mix, in your view, of bottom up and top down, and is there a potential for either stalemate or stagnation?

Ms. GOLDMAN. I believe that the pressures that we had put on China in what is now the defunct UN Commission on Human Rights did have an impact, at least, in making China conform in words, if not in deeds, to the human rights covenants. I was a member of the U.S. delegation to the Commission during the Clinton Administration, and saw the tremendous amount of energy and money that the People's Republic put into ensuring that they would not be denounced in the Commission.

Months before the meetings, Chinese officials spread out to the non-Western countries with all kinds of gifts and largess to ensure that those countries did not vote for resolutions of the United States and few Western countries denouncing China's human rights abuses. The idea of shaming another country bothers me. But it was a factor in China's willingness ultimately in signing the two UN covenants. China attempted to play off the European countries against the United States, but when the European Union was on our side in criticism of China's human rights abuses, we had a much greater impact. Unfortunately, China has been able to split some European countries away from the United States on the human rights issue.

True, one can say that China's signing of the UN covenants on human rights was a pro-forma gesture that will not change the behavior of its leadership. But China's acceptance of the covenants does have an impact on the people who are trying to assert their human rights because they can refer to the fact that the People's Republic has signed onto these covenants as the basis for their actions.

My experience as a member of the Carter Center group monitoring China's grassroots elections provides an example of how even village elections in model villages, visited by foreign observers, cannot be completely controlled by the Party. When we arrived at a village in Sichuan in 2001 to monitor the village elections, the villagers were sitting in the courtyard under a drizzling rain waiting for us to observe their election of village head and representative to the township people's council. Three people ran for village head, the Party secretary, the treasurer, and the builder, an entre-

preneur. The nominees gave speeches of three minutes; the questions and the answers were short; and then they voted. Not surprisingly the Party secretary won. But then the villagers were to vote for the representative to the township council. The two nominees were the Party secretary and the treasurer. All of a sudden, the backers of the builder stood up and protested the nomination process. They declared that their candidates should have been nominated as well. Immediately, our official hosts dragged us away from the village, despite our protests. The point of this story is to show that even though the Party attempts to control the village elections, they cannot completely. These elections are bringing unexpected results and are energizing the local level. Whether these elections will eventually lead to changes in the political system, I do not know. But a process of political consciousness and change is underway in China. Though it is difficult to know where it will lead, as one can see in this example, democratic procedures and political consciousness are taking hold even in the Chinese countryside, which the Party cannot control.

Mr. FOARDE. Thank you. Really useful.

A question for Professor Fewsmith. You were talking about the chambers of commerce in Wenzhou city, which I thought was fascinating. Do you know how they are organized legally, and do they have to register with either the provincial government or central government, and in what ways, as trade associations or for-profit businesses? How do they do that?

Mr. FEWSMITH. Well, there are nonprofit organizations. They are NGOs. One of the things that distinguishes the chambers of commerce in Wenzhou is that, to the best of my knowledge, all of them raise their own funds. In other parts of China, business associations are funded by the government, along with the control that that implies. In Wenzhou, they are not. At least some of them have very competitive elections for their own chairmanship, and they do not even have government officials on their board or their advisory board, although they do have to have good personal relationships. They have to have what is called a "*guakao danwei*" a supervisory organ that they are attached to.

In the case of Wenzhou, that is either the Association for Industry and Commerce or the Trade and Economics Commission, or several other government bodies. Once, of course, that group says, "Yes, we will sponsor you," then they have to register with the Civil Affairs Department.

One of the things which I think is really interesting is that there has been this "one industry, one association" rule, which is a corporatist model. But it does not work very well, for lots of reasons. Commerce changes all the time. New lines are built up. Does this line of leisure clothing fit in the association whose members make men's suits or not? What about the association that is in the next town that is doing something else?

There have been some informal associations that are not strictly legal, but they have set up meetings, things of that nature. As I understand it, some cities in China now are beginning to have an experiment with not registering associations. We will see if that happens, if that is successful, and if it spreads.

Mr. FOARDE. Thank you. Very useful.

Thank you, Dave.

Mr. DORMAN. I would like to introduce the Commission's General Counsel, William Farris.

William.

Mr. FARRIS. Thank you.

One of the areas I handle for the Commission is freedom of expression. I would direct this at all of you. I am wondering, how much freedom do intellectuals and citizens have to call for political reform in China, and what channels are particularly effective, what channels are particularly closed, and how do you feel that this space to discuss political reform has either gotten broader or narrower in the last year or so? Thank you.

Ms. GOLDMAN. There is no question that China's political system has moved from being totalitarian to what Minxin Pei calls a system of "soft authoritarianism." Consequently, there is more freedom in people's personal lives and professional lives and in business. In my personal conversations with Chinese colleagues, they freely state their views. It is when they express a critical or even alternative view to that of the Party leadership in a public forum that the Party cracks down. This present leadership of the fourth generation of Party leaders, under Hu Jintao, is more repressive and allows less space for public political discourse than during the later years of Jiang Zemin.

This is not just my belief; it's the view of people I interviewed when I was in China this past summer. They say that they can talk relatively freely among trusted friends and colleagues, but that in public they are much more guarded than they were in the late 1990s, when they assert there was more public space for open debate and expression of political views than they have now.

Also in the late 1990s there was more ideological pluralism than now. Publicly stated views then ranged from neo-Maoism and neo-Confucianism to liberalism to the new left, and so forth. However, even then, any effort to organize political groups around these ideological views was repressed by detaining the organizers, especially those who attempted to organize unsanctioned political groups on the Internet. A group of college students that attempted to do that on the Internet was harshly repressed and its organizers given prison terms. There is no question that there is a bubbling up of uncensored political discourse from below, but the Party, through its censors, filters, and Internet police is determined to stamp it out. Whether or not they will succeed is a question.

An example of a political debate that the authorities had trouble censoring occurred in a dispute over a newspaper weekly supplement, Freezing Point, which is attached to the China Youth Daily. When Freezing Point published an article that did not fit the Party's political view of history, it was closed down and its editors were purged. Unlike the silence that would have followed such an action in the past, 13 high-level establishment intellectuals and retired officials wrote a public statement criticizing that closure.

Such a high-level public protest had not happened before in the People's Republic. The intellectuals and ex-officials might have protested privately and as single individuals, but not as an organized group in a public statement. That, I think, is a sign of the changes underway politically in China today. Because the signers of the

statement were important ex-officials, the Party did not crack down on them. Though the supplement was later reopened, its editors of the time of the controversial article were “retired.”

Mr. FEWSMITH. I would like to add a few comments to that. I think that we would all agree that personal expression that takes place in a restaurant or at an academic conference has dramatically improved over the last 10, 15, 20 years. That sort of expression really, I think, is quite open. By the way, it is also refreshing that I can go and talk to Chinese colleagues about such sensitive issues as North Korea, Taiwan, U.S. foreign policy, and have a real exchange of views. It is not simply, “I am going to read you what the government thinks today,” but rather a real give and take. That is something that has developed quite a bit over the last few years.

I would agree with Professor Goldman that the last couple of years we have seen a number of trends that are troubling, the criticism of public intellectuals, for instance, that we saw carried out.

There is a sense that the range of expression—and here I mean public newspaper expression—has narrowed. It is not only Freezing Point that was closed, but many other journals that have been reorganized and/or closed. I am not quite ready to say that the government under Hu Jintao is more repressive, or whether this is just one of those periodic oscillations that we have seen in the past. I am of the belief that the political leadership situation is still fairly unsettled, and that you will probably see another iteration, another turn of the wheel, after the 17th Party Congress. Which way that will go, we will just have to wait and see. Between Party Congresses is when political tensions tend to be the highest. So in a couple of years, maybe we will be able to say something more definitive about which way things are going.

At the same time that there has been a squeezing of the public expression in newspapers, there has been an expansion of expression on the Internet—which has not gone unchallenged by the government—and in blogs. It is fascinating that you can get on the Internet and read all sorts of people’s blogs and get all sorts of expression, some of which are very much “in-your-face,” if you will.

In any case, at the same time, what we have seen over the last couple of years has been one of the more far-reaching discussions on what direction the country should go on that we have seen in the last 25 years. It has been compared to the discussion that accompanied the early Dengist period on praxis as the sole criterion of truth. There was obviously a vigorous discussion right after Tiananmen about where the country should go, and now there is another one.

The defenders of what might be broadly called neo-liberal economic policy, and a lot that goes with that, versus those who would take a much more populist tack and emphasize redistribution of wealth and a greater involvement of government entities at various levels, these are discussions about fundamental government policies and what type of polity, in the broad sense, they are going to develop.

These are not discussions about whether or not China should have a democratic system or a socialist system, or those sorts of

discussions. But yet, the policy discussions are really very critical, and they are central to the politics of China.

This has been carried out very publicly in newspapers and on the Internet, in all sorts of discussions for the last two years, so you can debate an awful lot of things. And, by the way, I think one of the reasons you can have that, and are having that, is that there is an opening at the top, that the political leadership itself has not really decided where it wants to go on these issues. When you have that sort of mix at the top—maybe in Washington you should use the expression “divided government”—the range of expression tends to be a bit greater.

Mr. DORMAN. Good. Thank you.

I would like to pass the questioning now to Carl Minzner, who is a Senior Counsel on the Commission. Also, Carl, as all of our panelists know, went to great efforts to set up this roundtable and did all the hard work necessary for pulling it together. So, thanks, Carl, for that.

Mr. MINZNER. Thank you.

And thanks to everyone for coming. Thanks, particularly to our panelists, for enlightening us here this morning on the important issues before us.

I have a question that I will direct to Professor Fewsmith and Mr. Xie, which is that Chinese local governments, particularly in rural China, are frequently characterized by a monopoly of power in the hands of the local Party secretary. He may control the government, the courts, and the entire local Party organization. This unchecked power gives rise to a range of abuses and corruption.

How can partial reform efforts that are supposed to take place under his supervision successfully address these problems? At some point, even if you are just interested in improving governance, don't you have to start addressing issues of external constraints and popular constraints on the power of the local Party secretary?

Mr. FEWSMITH. That is a good question, and a difficult one to address, certainly; in the breadth and depth of China there are many different things happening.

I think that the problem that you point to is a very real one. It is a very widespread one, and it is one of the things that, as I said in my opening statement, is motivating the sorts of changes that I have been looking at.

Recently I have been reading about something known as the “*yizhi sanhua*”—one mechanism-three transformation—system that has been implemented in parts of Hebei province. It came very specifically out of the village elections for village chief in the early part of this century, in the 2002–2003 period, where the village chief claimed legitimacy on the basis of the elections and basically said, “I represent the village. Who do you—the Party secretary—represent?” There were these sorts of conflicts. This is a fairly poor area, and there were a lot of these sorts of conflicts.

The bottom line is that the way that this was ultimately addressed is, first of all, the Party came down and said, “Well, the Party secretary really is the boss.” On the other hand, no decisions can be made without a joint meeting of the Party committee and the village committee, and you will jointly decide these things, like

putting everybody in the room together and saying, "Do not come out until you have an agreement."

At the same time, they also removed a lot of the financial flexibility from the village government, so the township has a special account for the village and monies are paid to the township. This raises some questions about township governance, but at least it removes it immediately from the village.

How widespread are these sorts of mechanisms? More widespread than they used to be. This is one of the sorts of quiet things that are beginning to happen. I do not want to say how widespread these sorts of things are. But this is what I mean by sort of an alliance of higher Party people and the local populace, which both of them have an interest in constraining the abuse of power at the local level.

Mr. XIE. In terms of the township Party secretary, at the current time I think it is quite difficult to monitor. Because, for example, in one program we did earlier in which we wanted to assess the performance of the township government employees, the Party secretary of the township was supportive on the condition that he was not assessed. I mean, he was supportive of the program, so any government employee could be assessed, except him.

In other words, because the whole Chinese structure makes the officials only responsible to their superiors rather than to the local people. I mean, that is the general problem, because they were appointed by the Party branch committee and they were elected by the Party members. That is why we hope that our programs could find some solutions that could mobilize the farmers to protect their rights and supervise the government. If that is successful—it may take a long time—it may help in some ways to provide some support.

Ms. GOLDMAN. What impressed me when I was an observer of the village elections was that despite the fact that the Party still controlled the election procedures, the elections were inculcating democratic values. For example, when I asked people what they thought of the process of village elections, one old farmer, pointing his finger, said, "You see that guy? I just elected him. But if he does not do what I want, I can elect somebody else in three years." So, despite the fact that the Party still controls the village election process, I think village elections are engendering a sense of accountability at the very bottom of society.

Mr. DORMAN. Good. Thank you.

I would like to pass the questioning now to Commission Senior Counsel, Pamela Phan.

Pam.

Ms. PHAN. Thank you, Dave. I would like to also echo the Commission's thanks to everyone, and particularly the panelists, for coming out today.

One issue of concern to the Commission has been the Chinese Government's respect for private citizens' property rights, especially since the 2004 amendments to the Constitution. We have seen quite a bit of reporting over the past year about villagers who are angry over issues of corruption and over government takings of their farmland. These issues have existed for a while, and we have had conversations with various Chinese experts about the mecha-

nisms that are available to citizens for enforcement of property rights.

I am curious about what your thoughts are on the effectiveness of more traditional mechanisms such as *xinfang*—petitioning—or administrative litigation, or recall campaigns, and also what you think about the effectiveness of potential new mechanisms, such as the deliberative democracy efforts that people have been talking about, or homeowners' associations?

Ms. GOLDMAN. We have thought that there was going to be an introduction of some kind of stipulation on property rights at the National People's Congress meeting in March 2006, but that stipulation was apparently blocked by the opposition of a leftist economist, among others.

A post-doctoral fellow at the Fairbank Center at Harvard this year, Chen Xi, has written a book about the practice of petitioning. He believes that petitioning is important because it draws the Party's attention to problems. However, as another Chinese academic has pointed out, less than 3 percent of the people who petition the government get any kind of redress. Petitioning is a form of protest that has produced few results.

Furthermore, Hu Jintao has ordered local level governments to deal with petitions so that petitioners will not go to Beijing and cause disruption. Usually petitioners who go to Beijing are handled very roughly and sent back to their local areas. Petitioning is the traditional way of protest and expressing discontent, but it has not proved very effective.

With respect to the Administration Litigation Law, I believe that a few years ago we estimated that about one-third of the people who use the law get some kind of redress in bringing suit against what they consider to be corrupt local government officials. But they cannot bring suit against high-level Party officials. So there are really limits on what this law can do.

If it were possible to get a stipulation in the Party constitution recognizing private property rights, then at least there would be a law that people can point to as the basis for demanding their property rights.

The Xi'an peasants whom I described were really furious because their land had been taken away for little compensation, but they had no recourse other than holding up posters to protest their treatment. This method is still the traditional way of seeking redress. There are still no institutionalized channels through which one can express one's discontent and demand recompense.

One change, however, that I talked about earlier in a different context, is the willingness of intellectuals, such as lawyers, to help farmers find legal means to demand some kind of redress. That new phenomenon is similar to the actions of intellectuals joining with other classes—workers, small entrepreneurs, and farmers—in political actions. Another new phenomenon that appeared in the late 1990s is the emergence of defense lawyers, who have been very brave in defending people charged with political crimes. So this is another grassroots change that is occurring in the People's Republic in the early years of the 21st century.

Mr. FEWSMITH. Of course, the whole issue of property rights, as you know, was before the National People's Congress this last

March, and they delayed the vote on that. That debate was absolutely central to the debate that I was talking about before about "Where are you going?" Of course, the proposed law protected private property and it was attacked for undermining socialism. So, that debate is going to be an ongoing one, and we will have to see where they balance those different concerns.

It is a very sensitive issue. The government, at all levels, is worried about this because the struggle over property rights is, indeed, one of the major causes for social disruption at the local level. All too frequently, a local government will be collusive with a property developer, and all of a sudden the peasants' land is gone. The peasants get compensation, but they often regard it as inadequate.

This, of course, raises a question of, what is adequate compensation? Without a well-developed land market, how do you know what the land is really worth? Then, of course, the peasant is looking and saying, "But I do not have a job. These are tight times. I cannot go back and farm." You do not make money as a farmer, but you can at least survive.

There was, of course, the very interesting case up in Dingzhou in Hebei, where I am sure you saw the film of that, a really atrocious example of thugs coming in with vicious weapons. The thugs did, in fact, kill some people and maim others. But somebody caught it on a home camcorder. You will recall, I think it was Zhongguo Jingji Shibao—China Economic Times—ran a very long investigative report on that incident, and at least in that instance, some justice was done, in that the local Party secretary was sentenced to life in jail.

So you can kind of see the government struggling to find a balance point. In the Dingzhou case, they clearly took action to redress the injustice. In the Taishi case in Guangdong Province, they have not. So governments are wrestling with this issue, and it is going to be one of the most contentious and important debates over the next several years, I think.

Mr. XIE. Just one more comment. I think, at least in terms of private properties, it should be the farmers themselves who protect themselves. Whoever else, the government officials, the lawyers, the educated elite, may not provide enough protection. Eventually, fundamentally, farmers themselves have to find ways to collectively protect their own property rights.

Petitions or claims assistance will not help much. If something can help, that is the future when our judicial system is further reformed, and this may help in some way. But the farmers themselves have to take the initiative.

Mr. DORMAN. Good. Thank you.

Next, I would like to recognize Commission Counsel Kara Abramson.

Kara.

Ms. ABRAMSON. Yes. I have a question for Professor Goldman. I was wondering if the changes that you have described are more prevalent in some parts of China than in others. How do places like Xinjiang and Tibet, or Guangxi and Yunnan, fit into this picture?

Ms. GOLDMAN. The China Democracy Party, as I said, started in Hangzhou, then spread to Wuhan and the coastal areas and then inland. It did not spread to the minority areas of Xinjiang and

Tibet. The Party's unwillingness to negotiate on ethnic and religious issues in those areas is more intractable than its handling of the bubbling up of some kind of democracy elsewhere in China.

I was in Xinjiang this past summer; I had never been there before. I first went to Urumqi, which has now become a Han city. A similar kind of migration of Han into Tibet is underway. I suspect that the Han migration will in time make the Han the dominant ethnic group in both Xinjiang and Tibet. However, when we left Urumqi and went, for example, to Kashgar, one knew immediately it was a Uighur city; women were wearing veils. I was told that a few years ago they were not wearing veils in Kashgar.

This is just an observation; I have not studied this issue in any depth. But it appeared that the situation in Xinjiang was becoming more polarized than it had been before. At least, that was the way it was described to me. But the problem in Xinjiang and Tibet is more of an ethnic conflict than a political conflict.

Mr. DORMAN. Good. Thank you.

I would like to ask all of you to help the Commission identify trends in China, never an easy task.

Professor Goldman, you mentioned that under the current government, the room for certain rights had narrowed, specifically public expression on sensitive topics. You also described a bubbling rights consciousness among merchants, and disenfranchised intellectuals speaking out.

To what extent are these two trends reactions to each other? Is the government reacting to the new rights consciousness? Are these individuals speaking out against the narrowing of freedoms? How has this evolved in the last couple of years?

Ms. GOLDMAN. Despite constriction of public space for political discourse under Hu Jintao, there is a broadening of political discourse beyond intellectuals to other classes, as I mentioned earlier. There is also more openness to the outside world.

That is why I believe that something is happening in the People's Republic that is unprecedented. As I said earlier, contact between intellectuals and other classes may have something to do with the experience of the Cultural Revolution, when students were sent to the countryside, prison, and labor reform. Those experiences put them in contact with other classes of people that they did not have before. Thus, there has been a qualitative change. These multi-class political actions may prove more effective than the efforts of intellectuals to bring about political change on their own.

Frankly, a market economy provides many more opportunities for political actions than a planned economy. Under Mao, if one were purged or released from prison, there was no way one could make a living. Today, there is life after being purged or imprisoned for political reasons. Many of the people in the China Democracy Party, who had been imprisoned for their participation in the 1989 Tiananmen demonstrations, once released, were able to open up their own small software stores. They were not making much money, but they were able to support themselves and establish contact with the outside world and with their former fellow demonstrators. They continued their interest in participating in politics. Similarly, students who go abroad to study often continue their interests in politics. I recently received an e-mail from one of

my former students who talked about democracy and political rights, despite the censorship and filtering of China's Internet.

Mr. FEWSMITH. I certainly concur with Professor Goldman that the dynamic has changed dramatically over the last 10 or 15 years. But whether cautiously optimistic or cautiously pessimistic, I am always within a fairly narrow range.

In any case, the scope of discussion of a variety of sorts is just much larger than it used to be. As Professor Goldman said, in the 1980s it was confined to a fairly small, intellectual elite. That dynamic has changed fundamentally. Now you are talking about citizen involvement.

As I say, you are talking about the Party itself asking, "So how do we reform? How do we do things?" They are not interested, of course, in introducing Western-style democracy. They want to reform in ways that will keep the Chinese Communist Party in power. But if they are successful in doing that, it will not be your father's Communist Party, it will be something that is new and at least provides, I would like to think, some better governance.

One of the reasons I am interested in what I have been doing the last couple of years is that I am trying to look at the creation of institutions at the local level, because no matter which way the Chinese Communist Party goes, if you do not create those institutions, you do not get better governance.

If the Party were to collapse, the social upheaval would likely be tremendous. This is the downside risk; it would not be very pretty. If you can build some of these institutions, then you can get much more societal consensus about how politics should work, be organized, and so forth.

That, I think, is the thing that might eventually bubble up from the bottom. And it does have to go from the bottom to the top. The top has to say, "All right, guys, you can try this" and then they can monitor this sort of thing, but the impetus for change I think really has to come from the bottom up.

I will make two additional points. One, I cannot hazard statistics on how many different experiments there are now as compared to 10 years ago, but I guarantee you that it is exponentially greater. They still may not be on the scale or the depth that I think we would all like to see, but if you go back to, say, 1995, and compare, then it is apparent that we are in a different ballpark now. This is going to continue.

My guess, as I said before, is that after the 17th Party Congress, after that arena is settled, that you are probably going to see firmer direction and, I hope, some more rapid progress, supporting at least some sorts of reform at the local level in that period.

Mr. DORMAN. Mr. Xie, did you want to respond?

Mr. XIE. Yes. From my experience, I would like to make three points. One, is that in our programs we do not just simply do surveys, we want action. We want to do reforms. We want our grantees to use our experiments to generate policy suggestions. In that case, you need to have support from the local officials. You have to be careful where you go for those programs, but we do find them supportive when we do programs. So, I think it really depends on where you go and what you do when you talk about political reform.

The second point is that I think years ago the Chinese scholars, or maybe the officials, were not quite sure what they should do. In that sense, there was more room for discussion where you could be discussing things that are entirely different from the government ideas. Now I think the ideas are pretty much set. The government would have its own idea of what it should do, what kind of reform it should expect. Once you talk about things that are different from the government ideas, they tend to be probably repressive. But once you are talking about one that is not so radical, maybe you can talk about it.

I probably should discuss the third point at a different roundtable.

Mr. DORMAN. Good. Thank you very much.

Unfortunately, we are two minutes over. Could I ask each of you to stay just for two more minutes for one more question? We generally try not to keep our panelists or witnesses any longer than 90 minutes.

Mr. MINZNER. It is a good question.

Mr. DORMAN. All of Carl's questions are good. He will only ask 1 of the 31 questions I see he has written down, though.

Mr. MINZNER. I will just pick one. I will pick a broad question to end on. I want to pick up on something Merle had mentioned, and particularly make sure that I get Professor Fewsmith's input as well.

Taiwan and South Korea successfully transitioned from authoritarianism to democracy during the 1970s and 1980s. How do the current efforts by the Chinese political leaders that you have been discussing with regard to political change, and that Professor Goldman has been talking about with regard to popular political participation, compare to similar periods early on in the South Korean or Taiwan political transition period, say in the late 1970s, early 1980s?

Mr. DORMAN. My apologies.

Ms. GOLDMAN. The post-Confucian countries of South Korea and Japan were among the first non-Western countries to become democratic. This also happened in Taiwan. I believe that part of the reason for this interest in democracy has to do with Confucianism. I cannot say Confucianism necessarily lends itself to democracy, but it certainly does not hinder it. Again, referring to one of my students, he described having dinner in his family. He said there were four grandparents, two parents, and himself. He said "What do they talk about? My education, education, education, and hard work." He said "They are so Confucian." But this emphasis on education has made for social mobility in Chinese society.

Also, there is the concept in Confucianism of the responsibility to speak out against an abusive leader or official and protest against unfair treatment. I know these are the ideals, but they still exist in China today.

Japan, South Korea, and Taiwan, however, made their transition under a certain degree of American tutelage, so I am not sure their transformation is replicable in China. Despite Mao's efforts to root out Confucianism, the Confucian value system still exists in China today. Nevertheless, it will take much longer in China than in the post-Confucian Asian countries, or than in Taiwan, to move in a

democratic direction. As I said in my recent book, the elements for political reform are there and bubbling up from below.

Mr. FEWSMITH. You did want the two-hour response, did you not? [Laughter.] It is obviously a complicated question. I went to Taiwan as a student in 1974. One of the things that is really gratifying about Taiwan is the extent of change. When I was there as a student way back when, there was a military police officer on every corner in a nice, shiny helmet. The military presence was stronger there than you see in Beijing or other Chinese cities today. Yet, it transformed itself, and it is quite gratifying to see that.

But, of course, you had a very special situation in Taiwan, where you had political power being held by a sub-ethnic minority of about 10 percent or so of the population, and the rest of the population feeling oppressed by that. That ethnic tension, of which we see more than a few shades to this day, was something that, in fact, benefited this transition. There was no way that the government was going to be able to maintain that political monopoly unless they became extraordinarily repressive. Fortunately, that government was not willing to do that. Perhaps the open economy, the relationship with the United States—they probably had more Ph.Ds in their government than we have in our government. The Kuomintang, for all its authoritarianism and its Leninist form, really was not a Leninist party. It gave up its Leninism about 1930. That is my first point.

In any case, the Korean situation is much more of a story of a burgeoning middle class, and there are also some regional tensions, as we all know, from the Kuangju uprising and so forth.

One of the things that Mao really did was to carry out a sort of clear-cutting of Chinese culture. It was a cultural cataclysm. Confucianism was destroyed, at least for a period of time. Social structures were destroyed. As China emerged from that nightmare, there was no consensus on what cultures should be, what the values of society are, what sorts of people should be promoted to what sorts of positions, how they should be promoted, all these sorts of fundamental human questions. I think China has now spent 25 years slowly reconstructing itself as a society, and it is going to take China another 25 years to get, I think, to a certain sort of basic societal consensus and overcome that really devastating cultural and societal impact of the Maoist experiment.

Ms. GOLDMAN. I am going to counter Joe on one point. My first trip to China was in 1974. I was the China expert who accompanied the delegation of American university presidents. What really impressed me on this first trip was that, despite the Cultural Revolution still underway, was how much of the Confucian value system still remained. No matter how hard Mao tried to destroy it, he could not get rid of the Confucian respect for the elders and for education. So I would like to conclude that the Confucian values are still important in China and, in time, will help China move in the democratic direction of its post-Confucian neighbors.

Mr. FEWSMITH. By way of clarification, I do not think that I said that they are not there or important. There is not a consensus on their role in society, as opposed to a personality type, certainly the value of education. They are good on that. That is something that we should study from China.

Mr. DORMAN. Good. Thank you very much.

Unfortunately, I feel like our conversation has just begun. Mr. Xie, would you like to add a final point?

Mr. XIE. No.

Mr. DORMAN. We are 10 minutes over our time limit, and I apologize to our panelists and our audience.

Professor Merle Goldman, Professor Joseph Fewsmith, Mr. Xie Gang, thank you, on behalf of our Chairman, Co-Chairman, and Commissioners, for sharing your expertise, your knowledge, your wisdom on these extraordinarily complex and important issues. So, thank you again.

With that, I will call the roundtable to a close. Thank you.

[Whereupon, at 11:40 a.m. the roundtable was concluded.]



## **A P P E N D I X**

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## PREPARED STATEMENTS

## PREPARED STATEMENT OF MERLE GOLDMAN

MAY 15, 2006

## GRASSROOTS POLITICAL CHANGES

The conventional view of post-Mao Zedong China is that it has had extraordinary economic changes, but few political changes. The World Bank has called China's rate of economic growth of 9–10 percent a year for the last 20 years not only the fastest in the world today, but in world history. Yet, while China has moved to a market economy, it continues to be ruled by an authoritarian Leninist party-state.

Nevertheless, China's political system has also experienced some changes, though not on the scale of what is happening in the Chinese economy. In the late 1980s, villagers began holding multi-candidate elections for village heads and village councils that during the early years of the 21st century spread to 90 percent of China's villages. Multi-candidate elections are also held for local people's councils and neighborhood committees in the cities. A few townships have experimented with multi-candidate elections for township heads. In addition, thousands of NGOs were established, but had to be registered under the auspices of a government organization and registered with the Ministry of Civil Affairs. Moreover, complying with Deng Xiaoping's dictum that the head of the Party cannot serve more than two five-year terms, China introduced term limits for the leadership of the Chinese Communist Party. Thus, the transition from the party leadership of Jiang Zemin to Hu Jintao in 2002–2003 was the smoothest transition in Chinese Communist history. All of these political reforms, however, were sanctioned by the Chinese Communist Party in order to maintain stability and to regain the party's legitimacy after the chaos of Mao's Cultural Revolution (1966–76).

Other political changes have occurred in the post-Mao era without the consent of the party. My new book "From Comrade to Citizen: The Struggle for Political Rights in China" focuses on the emergence of various individuals and groups who have sought to assert their political rights in the post-Mao era without party sanction. A "comrade" during the Mao era was one who did whatever the party ordered him to do. Therefore, when intellectuals and others criticized the party during the Hundred Flowers period in 1956 and the first half of 1957, they did so because Mao had ordered them to rid the party of its bureaucratic ways. Similarly, in the Cultural Revolution Mao ordered China's youth to attack the party's leaders whom Mao believed were plotting against him. They were acting as "comrades" in carrying out the orders of the party leader.

## ASSERTION OF POLITICAL RIGHTS IN THE POST-MAO ERA

When individuals and groups began to criticize the party's policies and called for political reforms soon after Mao's death in 1976, they were acting as citizens because unlike in the Mao era, they were doing so of their own volition and were attempting to assert their right to participate in politics.

With China's move to the market and opening up to the outside world in the 1980s and 1990s, the post-Mao leadership relaxed the party's controls over everyday life. This loosening-up led not only to a dynamic economy and the emergence of ideological diversity—neo-Maoists, neo-Confucians, liberals, conservatives and the new left—it also led to a growing sense of rights consciousness, particularly of political rights, as various individuals and groups attempted to assert their right to speak out and organize on a variety of issues without the party's permission. Some of those asserting their political rights were influenced by East European and Soviet dissidents in the late 1970s and 1980s who attributed their actions to their own constitutions. Similarly, the Chinese individuals and groups called for political rights based on the stipulation of freedom of speech and association in Article 35 in China's Constitution.

The demands for political reforms were initially articulated and acted upon by two groups of intellectuals. One group was the "establishment intellectuals" who returned from exile in the countryside or prison after Mao's death and staffed the party's research institutes, national media, official commissions and professional organizations. They became members of the intellectual networks of Hu Yaobang and Zhao Ziyang, the party leaders in the 1980s. When their political patrons—Hu in 1986 and Zhao in the aftermath of the military crackdown on the Tiananmen demonstrators on the June 4, 1989—were purged so were these establishment intellec-

tuals for calling for political reforms. I describe these establishment intellectuals in my previous book “Sowing the Seeds of Democracy in China.”

“From Comrade to Citizen” focuses on the “disestablished intellectuals.” These were people who would have been in the establishment but for the fact that their activities as Red Guards in the Cultural Revolution and as leaders of the 1989 student demonstrations led to their removal from the establishment. When in the Cultural Revolution, Mao mobilized college students, called Red Guards, to rebel against the party, their teachers and families, they caused chaos. Mao then ordered them to go to the countryside to learn from the peasants. There, far away from family, school and authority, they began to think on their own, question the party and form their own discussion groups. The impact of Mao’s policies on the Cultural Revolution generation was contradictory. On the one hand, they were deprived of an education; on the other, they were taught to question authority.

Thus, soon after they returned to the cities after Mao’s death in 1976, they launched the Democracy Wall movement of late 1978–79 in which they not only challenged party policies, they even called for political reforms in order to prevent the excesses of the Cultural Revolution. They used the methods they had learned in the Cultural Revolution—forming groups, putting up wall posters, publishing pamphlets and engaging in public debates. Initially Deng allowed them to continue their movement because it helped remove Maoists from power, but once that was done, Deng then repressed the movement and imprisoned their leaders in 1980.

The other group to assert their rights in the post-Mao era was the leaders of the 1989 demonstrations, who among other demands, also called for political reforms. Though they too were imprisoned after the June 4 crackdown, they as well as the leaders of Democracy Wall movement were released from prison in the mid 1990s in order for China to get the Olympics in the year 2008. Their release reveals that Western pressure on human rights issues can have an impact on political events in China. Whereas Mao did not care what the outside world thought of him or China, the post-Mao leadership responds to outside pressure because they want to be recognized and accepted by the outside world and to be seen as playing by the rules of the international community.

Unlike in the Mao era, China’s move to the market made it possible for these disestablished intellectuals and released political prisoners to support themselves as small business people or workers. They also led demonstrations, organized petitions, and formed political groups during the 1990s. Also with the privatization of publishing in the post-Mao era, they were able to present views that diverged from the party’s by publishing books and articles outside party auspices and having their books distributed by private booksellers.

Equally important, in the post-Mao era, intellectuals, particularly the disestablished intellectuals, for the first time were willing to join with ordinary workers in political actions. Although during the 1989 Tiananmen demonstrations, the students isolated the workers who wished to participate in the demonstrations because they knew of the party’s fear of a Chinese Solidarity movement, afterwards when they were thrown out of the establishment, they were willing to join with workers, farmers and ordinary citizens in political actions. An example of this alliance can be seen in the attempt in 1998 to establish the China Democracy Party, CDP, the first effort in the People’s Republic to form an opposition party. The leaders of the CDP came from Cultural Revolution and 1989 generations and were joined by a small number of small entrepreneurs, workers, and farmers.

Their strategy was to establish the CDP as local NGOs by registering with the local offices of the Ministry of Civil Affairs, which was the ministry in charge of NGOs. This effort began in Hangzhou, led by veterans of the 1989 Tiananmen demonstrations. It spread to the east coast and then inland to Hunan and Sichuan. A regional CDP was established in China’s Northeast by veterans of the Cultural Revolution. Their movement was coordinated and assisted by the new communications technologies—the Internet and cell phones—introduced into China in the mid 1990s. Despite the censorship and filters, these technologies made it possible to organize on a regional and national scale before the party crackdown. In addition, in another indication of the impact of outside influence on events in China, the founders of the CDP timed their efforts to a series of visits of important foreign leaders to China in the second half of 1998, beginning with President Clinton in June 1998, followed by British Prime Minister, the UN Commissioner on Human Rights and the French president. At the end of these visits in late 1998 and early 1999, the party arrested the leaders of the CDP.

Despite the repeated suppression of the grassroots efforts of the disestablished intellectuals to assert their political rights, by the beginning of the 21st century, increasing consciousness and articulation of political rights as well as of economic rights was spreading to the population in general—workers, peasants, a growing

middle class, and religious believers. Peasants, thrown off their land to make way for factories and infrastructure projects, demanded more compensation; ordinary citizens called for the right to clean water and clean air; and workers who lost their jobs in state industries demanded health care and pensions. Kevin O'Brien, political scientist at Berkeley, has pointed out that peasants exert their rights by their actions. But, by the early 21st century they are asserting their rights with words as well. I myself witnessed a protest of farmers in 2003 on the outskirts of Xi'an at the entrance of the Big Goose Pagoda, where peasants held up posters demanding their right to more compensation for the land that had been taken away from them for modernization projects.

The perennial distinction in Chinese history between the intellectuals and the rest of the population has become blurred since the mid-1990s as intellectuals joined with other classes to bring about political change and as other groups in the population demand political rights. Unlike the Western bourgeoisie, China's rising middle class is not independent of the political leadership. China's most successful business people are being inducting into the party. In fact, their ability to be successful in business depends on their connections with the party. Therefore, the major participants in these efforts for political reforms are not the newly rich business people, but other members of the rising middle class—the disestablished intellectuals, journalists, a number of defense lawyers, and small business people.

Grassroots assertions of political rights do not necessarily guarantee movement toward democracy, but they are prerequisites for the establishment of democratic institutions. There can be citizenship without democracy, but there cannot be democracy without citizen participation. These various and accelerating grassroots efforts of various groups and individuals to assert political rights signify the beginnings of genuine change in the relationship between China's population and Chinese Communist Party at the start of the 21st century.

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PREPARED STATEMENT OF JOSEPH FEWSMITH

MAY 15, 2006

FEEDBACK WITHOUT PUSHBACK? INNOVATIONS IN LOCAL GOVERNANCE

Over the last several years, China has begun to introduce a number of reforms into local governance in an effort to allay local discontent, to respond to growing demands for greater participation in politics, and to better monitor local agents of the state. Although limited elections have been introduced into the Chinese Communist Party, the main thrust of these reforms seems to be gain the sort of input that elections normally provide but without introducing electoral democracy, or, to use Rick Baum's felicitous phrase, to get "feedback without pushback."<sup>1</sup> The purpose of this short paper is to discuss some of the innovations that have been introduced in recent years in local governance and give some preliminary evaluation of their effectiveness, recognizing both that such reforms are still in their early stages and that my own research is on-going.

In general terms, the sorts of reforms the CCP has been introducing fall into two broad categories, those that adjust the party's relations with society and those that introduce limited competition and supervision into the party itself. As will be pointed out below, there is some overlap between these two categories, but conceptually, and to a large extent in practice, they seem to be separate at the moment. Both respond to emerging societal pressures, and both aim at such goals as better governance and greater supervision. Neither aims to do away with the party; rather the intent is to improve party responsiveness both to reduce societal discontent ("pushback") and to preserve the party's ruling position.<sup>2</sup> To the extent that such adjustments are effective, both hardline Marxists who resist such innovations and those who hope for a rapid transition to democracy are likely to be disappointed. It might be added that if such reforms are ineffective, the alternatives might be even worse.

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<sup>1</sup> Richard Baum used this phrase in making comments at the Association for Asian Studies meeting in San Francisco, April 7, 2006. I borrow his phrase with permission.

<sup>2</sup> Several parts of this statement draw heavily on my articles "Taizhou Area Explores Ways to Improve Local Governance" and "Chambers of Commerce in Wenzhou and the Potential, Limits of 'Civil Society' in China" in China Leadership Monitor, issues 15 and 16, summer 2005 and fall 2005, respectively, available at [www.chinaleadershipmonitor.org](http://www.chinaleadershipmonitor.org).

## ADJUSTING RELATIONS BETWEEN THE PARTY/STATE AND SOCIETY

Chinese society has changed dramatically over the past two and a half decades; society is far more dynamic, wealthier (though unequally so), better educated, more independent of the party/state, and pluralistic. Such trends, as many accounts attest, have generated demands for public participation in governance. Some of these demands are broadly spread across the body politic, while others are limited to specific sectors, such as the business community. As is well known, much of China's economic development in recent years has depended on the growth of a vigorous private economy, and government, especially at the local level, has to take the needs of this sector into account when thinking about public policy.

*Chambers of Commerce.* One way to do so is to allow, or even encourage, the development of NGOs. Much attention has been paid of late, in both China and elsewhere, to the role of NGOs in the various "color" revolutions that have brought down governments in the Ukraine, Georgia, and elsewhere. But while NGOs can bring demands for political change, they are also a necessary part of the evolving state-society relationship in China. From the perspective of the government, NGOs can provide essential information that can promote better public policy. Also, if part of the objective of government reform is to "change the function" of government departments so that they provide more service and less control, then NGOs can pick up some of the slack, providing societal networks that can organize and coordinate societal activities as the state takes up a narrower range of activities.

One area in which one can see visible change taking place—at least in some places—is in the emergence of chambers of commerce (*shanghui*) and trade associations (*hangye xiehui*). In much of China, chambers of commerce still have a very strong government imprint. After studying Yantai, the fourth largest city in Shandong province, Kenneth Foster concluded that business associations there are "highly integrated into the bureaucracy, while at the same time being relatively ineffective organizations."<sup>3</sup> This statement is probably applicable to much of the north China plain. The problem is two-fold. First, in many places, as government departments were reorganized into associations overseeing privatized industry, the officials running those associations tended to be the same officials who had previously overseen the industry. Hierarchical patterns of authority have tended to continue. Second, many government departments are simply unwilling to turn their functions over to business associations for fear of diminishing their own importance.

This pattern sometimes leads to strange results. For instance, in Tianjin, the northern port city near Beijing, the Tianjin Apparel Chamber of Commerce (*Tianjin fuzhuang shanghui*) was established in 1998 as a second tier organization (*erji zuzhi*) under the Tianjin Chamber of Commerce (which, as in other places, is the Association of Industry and Commerce [*gongshanglian*], the united front organization initially established in 1953 and later revived in the reform era). It has a chairman, 12 vice chairmen, and four employees. But it does not have independent legal standing. In Tianjin, there are few, if any, state-owned enterprises (SOEs) left in the apparel industry, so the Apparel Chamber of Commerce is really the only association that can represent the apparel industry in the city. The problem is that there is a pre-existing Tianjin Textile and Apparel Association (*Tianjin fangzhi fuzhuang xiehui*) that was set up out of the government bureau that originally oversaw the industry. So this association is a semi-official organization, much like the business associations in Yantai that Kenneth Foster describes. Because it is semi-official and not very effective, enterprises tend not to trust it. But under the rule that there can be only one association per industry, the more effective Apparel Chamber of Commerce cannot be registered. Fundamentally, the local Civil Affairs Bureau does not want to offend the Textile and Apparel Association, so the more effective, bottom up organization is left largely crippled and in legal limbo.<sup>4</sup>

Ironically, there is a Wenzhou Chamber of Commerce in Tianjin that has had fewer problems getting established and promoting the interests of its members than the Tianjin Apparel Chamber of Commerce. The Wenzhou Chamber of Commerce represents all the diverse interests of its members, so it (like its corresponding chambers of commerce in other cities of China) has not been forced to adhere to a "one association, one industry" rule. It is attached to the Wenzhou Office in Tianjin (*Wenzhou shi zhu jin banshichu*) and supervised by the Tianjin Office of Economic Cooperation (*Tianjin shi jingji xiezuo bangongshi*), so it has independent legal

<sup>3</sup> Kenneth W. Foster, "Embedded within State Agencies: Business Associations in Yantai," in *The China Journal*, no. 47 (January 2002), p. 65.

<sup>4</sup> Gao Xinjun, "Woguo hangye shanghui de falu huanjing yanjiu—dui Tianjin shanghui de diaocha" (The legal environment of China's business associations—an investigation of Tianjin's chambers of commerce), paper presented at the Conference on Improving the Governance of Non-Official Chambers of Commerce, Wuxi, August 19–21, 2005.

standing—the only non-official chamber of commerce approved by the Tianjin Civil Affairs Bureau. This suggests some loosening in the rules governing business associations in Tianjin, but it is likely to be a long time before there is major change.<sup>5</sup>

In Wenzhou itself, however, business associations play a considerably larger role. Wenzhou, in southern Zhejiang province, has become famous for its promotion of private enterprise—and for its rapid economic development. But in the 1980s, as Wenzhou merchants began selling goods throughout China, they developed a reputation for turning out shoddy and counterfeit goods, undercutting not only other Chinese producers but also their fellow Wenzhou-ese. In 1987 both the city and its business community were shocked when angry residents of Hangzhou, the provincial capital, burned some 5,000 shoes in protest of their poor quality.

It was precisely this incident that stimulated the formation of chambers of commerce in Wenzhou. The first chamber was the Lucheng District Shoe and Leather Industry Association (*Lucheng xiege hangye xiehui*), established in 1988 (and later renamed the Wenzhou Shoe and Leather Industry Association). The organizers of this association, despite the extensive history of business associations in Wenzhou, had little knowledge of previous business groups and less knowledge of how to proceed in contemporary China. They went to the Association of Industry and Commerce. A meeting of the Central Secretariat in December 1987 had decided that the Association of Industry and Commerce would be renamed chambers of commerce (or general chambers of commerce) for external purposes (the Association of Industry and Commerce continued to exist as United Front organs under party and government control). This action recognized the importance of the Association of Industry and Commerce in guiding the development of private enterprise. In the case of Wenzhou, it was the Association of Industry and Commerce that harbored both the historical consciousness and the knowledge of the contemporary period, and thus it was the Association of Industry and Commerce that helped set up this first business association in 1988.

The new association cooperated closely with government to address the problems confronting the industry. The government, in collaboration with the association, drew up the “Management Regulations on the Rectification Quality of the Lucheng District Shoe and Leather Industry” and the “Provisional Regulations on After Sales Service of the Shoe and Leather Industry.” Such measures, enforced through the association, gave new life to the industry.<sup>6</sup>

Other associations began to organize, but this progress was soon interrupted by Tiananmen and the political uncertainty that followed. When Deng Xiaoping made his “southern tour” in 1992, organizational activity in Wenzhou took off again. By August 2002 there were 104 such non-governmental business associations at the city level. In addition, there were another 321 associations at the county, county-level municipality, and district levels, with some 42,624 members covering most of Wenzhou’s industrial enterprises.

Some of these associations were, like those in Tianjin and Yantai, clearly affiliated with if not integrated into government. But others—including the Lighting Chamber of Commerce, the Shoe and Leather Industry Chamber of Commerce, and the Apparel Chamber of Commerce—were initiated by the enterprises themselves. They grew up “outside the system” (*tizhiwai*), though they quickly developed good relations with the Association of Industry and Commerce. Unlike the associations in Yantai, where the government is responsible for most of the funding, most if not all associations in Wenzhou are self-funded. For instance, the Wenzhou Apparel Industry Chamber of Commerce (*Wenzhou fuzhuang shanghui*), perhaps the largest and most successful of the various industry associations in Wenzhou, began with only 10 enterprises in the early stages. The lead was taken by Liu Songfu, head of Golden Triangle Enterprise (*Jin sanjiao gongchang*). Although the Association of Industry and Commerce supported the establishment of the association, it provided no funds; the entire cost of running the association over the first years—some 100,000 yuan—was borne by Liu and a small number of other leaders.<sup>7</sup>

In the early years, the Apparel Chamber of Commerce, like other business associations, maintained very close relationships with political leaders. The deputy head of the Alliance of Industry and Commerce, Wu Ziqin, chaired the first Congress of the chamber of commerce, and a number of political leaders were named either honorary board members or senior advisors. The support of the Alliance of Industry and Commerce, which became the sponsoring unit (*guakao danwei*) of the new chamber

<sup>5</sup> Ibid.

<sup>6</sup> Chen Shengyong, Wang Jinjun, and Ma Bin, *Zuzhihua, zizhu zhili yu minzhu* (Organized, self governance and democracy) (Beijing: Zhongguo shehui kexue chubanshe, 2004), p. 38.

<sup>7</sup> Chen Shengyong, Wang Jinjun, and Ma Bin, *Zuzhihua, zizhu zhili yu minzhu* (Organized, self governance and democracy) (Beijing: Zhongguo shehui kexue chubanshe, 2004), p. 285.

of commerce, was necessary for the chamber's registration, its ability to secure office space, and ability to convince other enterprises to join. The authority of the Alliance also supported the chamber's efforts to enhance quality control.

Over time, however, relations between trade associations and government have become more (but not completely) institutionalized. Personal relations between association leaders and government leaders remain close, but there has been a tendency for government officials to be less involved in the internal affairs of trade associations. Although the government still appoints a few trade association heads, 77 percent report that they freely elect their chairmen in accordance with their own rules of operation.<sup>8</sup> Moreover, the internal organization of trade associations—how many directors they have, how many committees they set up, and whether to organize training and consulting activities to raise funds for the association—seems to be free of government interference. Indeed, the fact that Wenzhou's trade associations receive no government funding makes them quite entrepreneurial. In addition to imposing membership dues, trade associations organize training classes to impart technical expertise and provide consulting services to raise funds. They also organize trade group trips abroad so members can learn about industry trends and relay the latest information and technical standards to colleagues back home.

The changing relationship between industry associations and the government may be symbolized by the Apparel Industry Chamber of Commerce. The chamber amended its charter in 2003 to specify that government officials should not be named as advisors.

The reorganized Advisory Commission was composed of five prestigious entrepreneurs who had previously served as vice chairmen of the chamber.<sup>9</sup> This change was not an assertion of chamber independence from government supervision so much as a reflection of the government's growing trust that this NGO could run its own affairs without running afoul of government concerns. Elections for leadership roles in chambers are becoming more competitive. The Apparel Industry Chamber of Commerce was the first to introduce *cha'e* elections (in which the number of candidates exceed the number of positions), and others have emulated the practice. Some have borrowed the practice of "sea elections" (*hai xuan*) from village elections, allowing nominations for association head to be nominated freely by members. In 2000, Liu Songfu, who spearheaded the establishment of the Apparel Industry Chamber of Commerce, was defeated by Chen Min, the leader of a new generation of entrepreneurs who have expanded the scope of chamber activities as well as its membership.

Wenzhou's business associations even have a degree of influence over government policy. For instance, the regulations governing Wenzhou's shoe and leather industry, mentioned above, were a collaborative effort between the government and industry representatives. Similarly, the "10th Five-Year Development Plan of the Wenzhou Apparel Industry" was worked out by the Wenzhou Apparel Chamber of Commerce in coordination with the city's Economic Commission. During sessions of the local people's Congress and Chinese People's Political Consultative Conference (CPPCC), Wenzhou's chambers of commerce recommended 141 entrepreneurs to join those two bodies and raised 54 proposals. The General Chamber of Commerce (Association of Industry and Commerce) also organized members of the CPPCC to draft a proposal to create an industrial park.<sup>10</sup> Trade associations have clearly given Wenzhou entrepreneurs a voice that they would not have had individually. Nevertheless, studies indicate that the influence of trade associations remains limited.<sup>11</sup>

Although government officials have withdrawn, at least to some extent, from participation in trade associations, entrepreneurs are increasingly participating in politics, particularly in the people's congresses and Chinese People's Political Consultative Congresses (CPPCCs) at various levels. By 2003, a total of 421 members of 64 chambers of commerce participated in People's Congresses or CPPCCs, including 3 in the National People's Congress and 13 in the provincial people's Congress.<sup>12</sup>

*Deliberative Democracy.* North of Wenzhou, in the county-level city of Wenling, subordinate to the prefectural-level city of Taizhou, a system of "deliberative democracy" (*xieshang minzhu*) has been developing. This system of democratic consultative meetings (*minzhu kentan hui*) began in June 1996 when one of the townships under Wenling's jurisdiction, Songmen, held a meeting as part of a campaign to

<sup>8</sup> Yu Jianxing, Huang Honghua, and Fang Liming, *Zai zhengfu yu qiyeyi jianyi Wenzhou shanghui wei yanjiu duixiang* (Between government and enterprise-looking at Wenzhou's chambers of commerce) (Hangzhou: Zhejiang renmin chubanshe, 2004), p. 286.

<sup>9</sup> Chen Shenggyong, et. al., *Zuzhihua, zizhu zhili yu minzhu*, p. 294.

<sup>10</sup> Yu Jianxing et. al., *Zai zhengfu yu qiyeyi jian*, p. 80.

<sup>11</sup> Chen Shenggyong, et. al., *Zuzhihua, zizhu zhili yu minzhu*, p. 263.

<sup>12</sup> Chen Shenggyong, et. al., *Zuzhihua, zizhu zhili yu minzhu*, pp. 229–230.

carry out “education on the modernization of agriculture and villages.” The people expressed no interest in yet another “you talk, we listen” campaign. Confronted with this apathy and resentment, local leaders decided to try something different. Instead of having the cadres on the stage speaking to peasants assembled below, they invited the peasants to take the stage and express their opinions. The meeting apparently became very lively and there was a direct interchange of views between the “masses” and the cadres.<sup>13</sup>

As in most areas of China, there were a variety of tensions and problems that this new form of “political and ideological work” (which is what this forum started out as) addressed. There were tensions between the townships and the villages, between the cadres and the people, between the party committee and the government at the village level, and among cadres. What the leadership in Songmen township sensed very quickly was that by involving the people in discussions of public issues, different cadres and different interests were forced to communicate and compromise with each other. Moreover, real misunderstandings as well as a number of real but minor issues that affected relations between the people and the local leadership could be cleared up quickly and on the spot.

For such political innovation to occur in China there must be both social circumstances conducive to change and political entrepreneurship. In the case of Wenling, the population was quite prosperous: in the urban areas per capita income is 12,651 yuan per year; in the rural areas, 6,229 yuan.<sup>14</sup> Moreover, it is a population with quite a lot of physical mobility; of the 1.16 million residents in Wenling, some 200,000 are away from the city on a long-term basis. Such people, and those who travel for shorter lengths of time, bring back a greater democratic consciousness. The rapid development of Wenling’s economy and the exercise of village autonomy in recent years had similarly stimulated the growth of democratic consciousness. Such developments stood in contrast with the non-democratic ways of making decisions, increasing tensions with the local cadres and making decisions difficult to implement.

Democratic consultations operate somewhat differently at the village and township levels. At the village level, in 1998 peasant representative congresses (*nongmin daibiao dahui*) began to be formed. Each production team (*xiaozu*) would select one or more representatives, depending on the size of the production team, and members of the village party committee and the village committee (the government side of village administration) are de facto members. In 1999, this system took on the name of “village assembly” (*cunmin yishihui*). This system has now spread throughout Wenling; of the villages under Songmen township, most convene an average of two assembly meetings per month. This system is regarded as an extension of the democratic consultation system.<sup>15</sup>

Many of these meetings revolve around public finance, one of the most contentious issues in rural China. In one village under Ruohuang township, these assemblies took on a much greater importance after the village head, who had been elected, used over 1 million yuan of public funds to gamble, which caused a strong reaction among the peasants. Previously they had trusted someone they had freely elected to manage finances honestly, but after this incident they did not trust anyone and insisted that matters of public finance be handled openly by the village assemblies. In addition to public finances, there are many issues that directly affect the interests of villagers in an area like Ruohuang township: urbanization brings issues of land requisitions, paving roads, environmental preservation, and so forth, all of which are taken up by the village assemblies.<sup>16</sup>

At the township level, democratic consultations are really a system of open hearings on public policy. When the democratic consultation system began, discussions flowed from topic to topic, making resolution of any issue more difficult. After a while, it was decided that each democratic consultation should focus on a single issue. The topic for discussion is usually decided by the township party committee or government, though there are provisions that allow the public to petition to hold a meeting on a particular topic. The topic, time, and place of meeting are posted,

<sup>13</sup> Jia Xijin and Zhang Yun, “Zhongguo canyushi minzhu de xin fazhan” (A new development in China’s participatory democracy), in Mu Yifei and Chen Yimin, eds., *Minzhu kentan: Wenlingren de chuangzao* (Democratic consultation: A creation of the people of Wenling) (Beijing: Central Compilation and Translation Press, 2005), pp. 80–93.

<sup>14</sup> Dong Xuebing and Shi Jinchuan, “Zhidu, boyi yu quanli chonggou” (System, game, and the restructuring of power), in Mu Yifei and Chen Yimi, ed., *Minzhu kentan*, p. 107.

<sup>15</sup> Xiao Qing, “Wenling cunyihui: Nituli dansheng Zhongguo xin xingtai minzhu zhengzhi” (Wenling’s village assemblies: A new form of democratic politics born from China’s soil), in Mu Yifei and Chen Yimin, eds., *Minzhu kentan*, pp. 179–180.

<sup>16</sup> Wang Junbo, “Qiaoran bianhua de ‘xiangcun zhengzhi’” (The silent change of ‘village politics’), in Mu Yifei and Chen Yimin, eds., *Minzhu kentan*, p. 193.

and anyone is allowed to come, but no one (other than the leadership) is obliged to come. Democratic consultation meetings are generally held once a quarter.

At least some democratic consultations do have an impact on public policy and implementation at the township level. For instance, a democratic consultation meeting was held in Wenqiao township in July 2002 to discuss the leadership's plan to merge two school districts. The leadership believed that the merger would save funds and strengthen the academic level of the remaining school. But such a merger would affect residents in the district of the school being closed because it would increase transportation costs and living expenses for those who stayed in dormitories. Feelings ran very high. In the end, the leadership decided not to merge the two schools right away, but rather allow parents to choose which school to send their children to. Before long, the students enrolled in the weaker school began transferring to the better school, and the decision was effected without public outcry.<sup>17</sup>

Similarly, a meeting was held in Songmen township in January 2004 to discuss the creation of a specialized market for products used in the fishing industry. Vendors of these products were scattered and often crowded into the streets, causing traffic problems. Residents were asked to discuss such issues as whether to build such a market, where it should be built, and who should invest in it. Several hundred people attended the meeting, and the final decision incorporated public references for the location of the district and the way in which investment would be handled.<sup>18</sup>

#### INNER-PARTY DEMOCRACY

Efforts to broaden participation within the party and to increase competition within the party go under the rubric "inner-party democracy" (*dangnei minzhu*), although the wider public is sometimes involved. The two main types of inner-party democracy that have been pursued are the party delegate "permanent representative system" (*changrenzhi*) and the "public promotion, public election system" (*gongtui gongxuan*). The former is being vigorously, if unevenly, promoted in many places; the latter largely restricted to the provinces of Sichuan and Jiangsu. Data on both are sketchy, but the outlines are clear.

*Changrenzhi*. The Central Organization Department, following up on the call for political reform contained in the 13th Party Congress report, authorized 11 municipalities, counties, and districts in five provinces to experiment with something called the "party Congress permanent representation system" (*dang de daibiao dahui changrenzhi*). Although Mao Zedong had originally called for this change in 1956, it had never been implemented in a systematic way. The basic idea is that under "democratic centralism" the highest power in the party (at all levels) is supposed to flow from the party congresses, generally held once every five years. Those congresses select party committee (the Central Committee in the case of the national party congress), which then selects a standing committee. In theory, the party secretary and standing committee are subordinate to the party Congress and the delegates that make it up, but in fact the delegates to party congresses have no power derived from their positions. Many delegates are leading cadres at different levels, whose power and influence derives from the positions they hold, not their roles as delegates to the party Congress. Other delegates are chosen for their loyalty and service; being named a delegate is an honor, not a position of power. Delegates are generally uninformed as to the content of the party Congress or who they are to vote for until just before the Congress meets. As the saying put it, delegates "The party committee decides personnel selections, and party members draw their circles" (*dangwei ding renxuan, dangyuan hua chuan*). Their function as party representatives ends as soon as the party Congress ends. When another party Congress is held five years later, another group of representatives will be named. Power is thus centralized and top down, contrary to the provisions in the party constitution.

Obviously the CCP has lived with this system for many years, but two concerns have led people to want to elevate the status of the party representatives and congresses. One is the power concentrated in the hands of the party secretary and standing committee has led to corruption and other abuses of power that have feed social protests and a general decline in the legitimacy of the party in recent years. The other is that even members of the party feel little benefit from their party membership, as they are excluded from information and participation, much as the general public is. In other words, there is a problem of the party leadership not only

<sup>17</sup>Jia and Zhang, "Zhongguo canyushi minzhu de xin fazhan," p. 82.

<sup>18</sup>Wang Junbo, "'Caogen minzhu': zai zhiduhua de yangguangxia" ("'Grassroots democracy': Under the light of institutionalization"), in Mu Yifei and Chen Yimin, eds., *Minzhu kentan*, p. 190.

being alienated from the general public but also from the great bulk of the party membership. If the “governing capacity” of the party is to be improved (as party documents call for), then the party as a whole needs to be more functional and the party’s legitimacy, both in the eyes of the party membership and the general public, needs to be raised.

The changrenzhi attempts to address this issue first by having party representatives elected by members of the party (this has to be qualified by saying that this part of the changrenzhi is far from being universally implemented, though it has been in some places) and by having the representatives serve five-year terms, meeting in annual sessions. At such annual meetings, the relevant party committees are supposed to submit work reports for the review and approval of the party representatives. This is intended to increase the supervision over the work of the party secretary and standing committee. The scope of the authority of the party representatives is one of the issues currently being debated within the party.

Jiaojiang district in Taizhou municipality in southern Zhejiang province was one of the places that began implementing the changrenzhi on an experimental basis in 1988. In this case, representatives are divided into “representative groups” (*daibiaotuan*) based on locality or functional group. Each representative group has a head and a deputy head. The function of the groups is to organize discussion, think about personnel selection, and to propose resolutions. The leadership of the representative groups links the representatives to the party leadership. In the case of Jiaojiang, the district established a permanent organ, called the Work Office of the Party Congress Permanent Representatives, to maintain contact between the leadership of the representative groups and the ordinary representatives. The office publishes a bulletin periodically (about once a month). There is now an annual meeting of the party representatives that listens to work reports by the local party leadership and discipline inspection committee.<sup>19</sup>

As party representatives become more important, their selection must be considered more carefully. In the case of Jiaojiang district, the number of representatives was cut by a third, from 300 to 200, and the number of electing units has been increased so that representatives are better known to their “constituents.” Efforts have been made to increase the number of nominations compared to representatives selected. This has generated better-educated representatives, according to statistics from Taizhou (the changrenzhi experiment was recently extended throughout Taizhou).<sup>20</sup>

Perhaps one of the most important issues raised by the permanent representative system is the relationship between “leading cadres” and representatives. Leading cadres at a given level normally make up a large percentage of the representatives selected to attend a party congress, often around 70 percent. Recommendations call for keeping this number down to around 60 percent. So one impact of the permanent representative system appears to be an expansion of the number of people able to participate in party affairs—but not by a large margin.

Ya'an city, Sichuan province, began experimenting with the changrenzhi in the winter of 2002–2003, when end-of-term elections for local cadres were coming up and when the Sixteenth Party Congress had just endorsed expansion of the changrenzhi. Ya'an city selected two places, Rongjing County and Yucheng District, to try out the new system. The major breakthrough made in these experiments was making all candidates for party representative to face election by all party members in the area. In the case of Yucheng district, 12 percent of all party members were nominated, and in Rongjing County, 13 percent were nominated. These “primary candidates” were then reduced to “formal candidates” through a process of screening (candidates must meet certain age and work requirements) and voting. By local regulation, there had to be at least 20 percent more candidates than positions for the final elections. Each candidate gave a three-minute speech, and voting was by secret ballot. Six leading cadres were not elected as party representatives. According to local regulations, when a leading cadre loses an election, he or she can still attend the party Congress as a “special delegate” (a way of saving face?), but six months after the election the party Organization Department organizes a poll of party members in that cadre’s district. If the cadre cannot get the backing of two-thirds of local

<sup>19</sup> “Jianli he wanshan xian (shi, qu) dang de daibiaohui changrenzhi gongzuo de diaocha yu sikao” (An investigation and thoughts on establishing and perfecting the party Congress permanent representation system in counties (municipalities and districts), in *Xin shiqi dang jianshe gongzuo redian nandian wenti diaocha baogao* (A survey report on hot topics and difficult questions in party building work in the new period), pp. 232–235.

<sup>20</sup> Ibid., pp. 237–239.

party members, then he or she is removed from office. This is precisely what happened to the party secretary of one village.<sup>21</sup>

*Public Recommendation and Public Election.*<sup>22</sup> Sichuan began experimenting with the gongtui gongxuan (public recommendation and public election) system in 1995. It was an obvious outgrowth of the social tensions in that relatively poor inland province. In 1993, Renshou county experienced what was until then perhaps the largest outburst of mass protest and rioting. Economic growth was not a viable path to social stability, at least in the short run, so the province began experimenting with political reform. The gongtui gongxuan system started in 1995 in Nanbu County. At the time, there were about 20–30 cases. In 1998, the well-known Buyun election took place under Suining City. Despite the issuing of a ruling that said that the Buyun election was unconstitutional, the gongtui gongxuan system continued to spread in Sichuan (though it did not, like the Buyun election, extend to all the voters). In the 2001–2002 term elections, there were about 2,000 cases. That is about 40 percent of Sichuan's counties. It should also be noted that the system was more readily adopted in economically backward places where social tensions were high and the political leadership had no chance of competing on the basis of economic growth.

The basic pattern of the gongtui gongxuan system was to enlarge the number of people participating in the selection of township heads and deputy heads. In the past, such decisions were made by the standing committee of the county. But under the gongtui gongxuan system, the number of voters was expanded to include:

- All staff of the township (about 80–120 people),
- The top three cadres from each village under the township (so if there are 10 villages, that would be 30 people),
- The heads of the small groups (*xiaozu*) in villages (usually 5 per village, so about 50 people, and
- Delegates to the township people's Congress (perhaps 30–50 people).

In addition, the county sends 5–20 delegates. In the past, these were super delegates with 40–60 percent of the vote. But in some places now, they are beginning to implement a "one person, one vote" rule.

So, in total, some 200–300 people participate in the selection process. This is still a very limited electorate, but nevertheless a considerable expansion from the half dozen county officials who used to make these decisions. It also has to be noted that in some elections, the system has been extended to include the party secretary and the electorate has been expanded to include the whole population. It is not clear how many townships have undertaken such extensive reforms, but they still make up a small minority.

#### IMPLICATIONS

The discussion above is intended to be illustrative rather than an exhaustive cataloguing of the changes that are being experimented with at the local level in China. There are other systems that have been used: the "two ballot system" in Shanxi, the "one mechanism, three transformations" in Hebei, and the growing role of owners' associations in some parts of the country, to name a few. The role of local people's congresses also seems to be growing. These changes do not, or do not yet, amount to a fundamental change, much less a democratization of local governance in China, and, looking at the country as a whole, these innovations appear to be spotty and uneven. But they do reflect the pressures that are being felt—sometimes by local officials themselves, and sometimes by central authorities who want to better monitor local agents—to change local governance, including the role of the party at the local level. One way of thinking about these changes is to note that they mark a preliminary effort to try to integrate the horizontal linkages found in local society with the hierarchical nature of the party. That seems an impossible task in the long run, but there are clearly pressures to change the way the political hierarchy interacts with local society.

Another way of looking at these changes is that they mark efforts to move "political reform" up the hierarchy in ways that do not require elections (at least elections

<sup>21</sup> Xiang Guolan, "Tujin dangnei minzhu de zhidu cuangxin—Ya'an dang daibiao dahui changrenzhi anli fenxi" (institutional innovation in the promotion of inner-party democracy—An analysis of the case of Ya'an's party representative Congress permanent representative system), in Yu Keping, ed., Zhongguo difang zhengfu chuangxin—Anli yanjiub aogao (2003–2004) (Innovations in China's local governmental system—Case study reports, 2003–2004), pp. 175–199.

<sup>22</sup> This section is based on Lai Hairong, "Jingzhengxing xuanju zai Sichuan sheng xiangzhen yi ji de fazhan" (The development of competitive elections in Sichuan at the township level), in He Zengke et. al., eds., Jiceng minzhu he defang zhili chuangxin, pp. 51–108.

that are open to the general public) at levels higher than that of the village. Thus, democratic consultation meetings take place at the township level, as do gongtui gongxuan elections and the changrenzhi. Business associations in Wenzhou influence policy at the county and city levels.

It can be debated whether these reforms are steps on the way to democracy or whether they are ways of putting off democracy, perhaps indefinitely. China seems to be striving for ways to implement a system that simultaneously provides the state with feedback on the performance of its local agents, checks the power of those local agents, expands participation in local governance, and generates better governance—all without Western style democracy.

It should be noted that these reforms are in their infancy and there seems to be at present little “spill over” from one area of reform to another or from one location to another. For instance, most observers think that “civil society” is more developed in Wenzhou than in Wenling, but it is Wenling that has adopted the more interesting political reforms. This seems to be, in part, a reflection of the levels they are at in the political system. Wenling is a county-level city of 1.6 million under the jurisdiction of Taizhou municipality; Wenzhou is a city of over 5 million that is directly administered by the province. Obviously political reform efforts in such a major city (and one already known for its “Wenzhou model”) would have ramifications that reforms in Wenling do not. This distinction only underscores the fact that even as localities pursue reforms of various sorts, the choice of what area pursues what type of reform is a very political decision, not simply a reflection of social pressures from below.

What seems to be clear, however, is that these reforms have been growing in number and depth over the course of the last decade, and they can be expected to continue as local society continues to develop and as China continues to face social tensions.

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PREPARED STATEMENT OF XIE GANG

MAY 15, 2006

RURAL GOVERNMENT REFORM AND THE PEOPLE

Over the past four years, with private and US government funds, The Asia Foundation has implemented a series of programs in the rural areas of China which aim to improve rural governance and explore solutions to reconcile the disputes between the farmers and local governments, especially at the township level. The program results have been the basis for policy recommendations which Foundation partners have submitted to the Chinese central government over the past two years.

PROGRAM SUMMARIES

The programs are designed to explore the causes of conflict and how local initiatives and citizen participation can help to solve disputes through specific activities:

• **Survey the main causes of conflict between farmers and local government officials**

This program was implemented before the Chinese government started to rescind the agricultural tax, which alleviated many of the frustrations expressed by the farmers described below.

—Tax/fee collection causes the most common and severe conflicts. The most common answer to the question of how to improve the cadre-farmer relationship is “stop collecting taxes and fees.”

—Cadre corruption has been, and continues to be, one of foremost frustrations among farmers.

—Farmers often complain of inadequate provision of public services, such as low quality or high cost in the construction of roads, primary schools, electricity network and water conservancy projects.

—The government-mandated production of specific crops also aggravates farmers. For example, farmers intending to grow grain may be forced to grow watermelon. There have been cases when farmers destroy seedlings to avoid cultivating crops they do not want to grow. Conflicts are also caused by failure to follow the procedure in village elections or between the new and retiring committed directors and members. Many farmers complain that the township Party Secretaries manipulate the selection of candidates and the selection process is not transparent.

- **Explore organized mechanisms for farmers for fundraising and management of public services**

The program provided a small fund to two villages where neither the Party branch nor village committee was functioning properly, to build a road and a small irrigation canal. Over the course of the program, the program team helped farmers develop a set of simple rules and procedures for electing the management team, raising funds from the farmers, mobilizing free labor from the village, and maintaining transparent accounting books. This project serves to illustrate to the local government that conflicts can be reduced if the government is accountable in providing quality public services and maintaining transparency.

- **Train farmer representatives (*nengren*)**

In this program, some 700 farmers and 100 township employees joined in the training. Training courses are provided for farmer delegates to the local people's congress, farmers who handle complaints and petitions among their peers, and farmer activists to provide them with basic knowledge regarding the laws, regulations, policies and their responsibilities to supervise the government. The training encourages these groups to observe relevant laws when they complain or petition the government, rather than inciting violence. Local government employees are also recruited to the training courses where they and farmers improve mutual understanding and interactions.

As part of the program, a pilot program was run to assess the performance of the government employees. Twenty farmer representatives were recruited to take part in the assessment. This part of the program introduces and tests an instrument which the farmers can supervise the local government staff. The hypotheses is that government staff will try not to frustrate the farmers if farmers are allowed to participate in performance reviews, which is a major indicator for the staff's promotion and higher salary levels.

- **Survey types of existing farmers' associations**

This survey, conducted in 12 provinces in 2004, reveals that there are four types of farmers' associations. Some of them have been allowed to register with the local government, but the majority must struggle to survive. The key members of the association see themselves as the spokesmen of the farmers. The four types of farmers' associations are:

- Associations that help farmers better understand laws and policies. They also help farmers protect their rights by writing complaint letters to higher level government.
- Associations that aim to protect farmers' rights. Some of them are well organized and have by-laws. The main purpose of these associations is to represent farmers in the protests to "alleviate burdens."
- Associations that are established to help farmers improve production.
- Associations that are established for specific purposes; for example, when re-located farmers lose their land but receive minimum compensation.

- **Establish farmers' production cooperatives**

Although the program technically aims to assist farmers in setting up production cooperatives, the ultimate goal is to help farmers protect their rights. Three farmers' cooperatives have been set up with the assistance of the program team.

- **Establish community-based service organizations**

An association for the senior citizens has been set up with the help of the assistance. The program is still going on.

The last two projects are both pilot programs that explore patterns of farmers' organizations. They help farmers initiate coordinated production or provide services that local governments fails to provide. It will take considerable time for such organizations to expand, and show widespread impact of the program.

#### OBSERVATIONS

- Most of the township governments are challenged with shortage of revenue. Roughly 70 percent of them are in debt. Some of them cannot even pay their staff salaries for periods of three to six months. Such financial shortages have been intensified by the retraction of agricultural tax. Yet, each township government is a parallel structure of the higher levels of government, and therefore tends to be overstaffed. The primary job of the township government becomes survival rather than running the township. Even though the central government has instructed that no extra levies be imposed on farmers after the agricultural tax is totally rescinded in 2006, township government will have to refer to collecting some type of fee or tax to maintain their revenue, and their effort to impose new types of fees

may cause a new round of conflicts with farmers. Regardless, they will have no time or energy to improve local governance.

- Township governments have lost their sense of direction. They carry huge debt loads, yet while they realize problem issues, such as the inefficiency of an overstaffed government, there is no way the system can be streamlined. They now rely totally on the allocation of budgets from the county government because they have very limited income resources. Township officials are unsure as to what policies the central government will formulate regarding the future of township government.
- Township governments tend to be selective when democracy is introduced in the villages. The government cadres in general do not believe that farmers are educated enough to exercise their rights within a democratic system. However, they refer to democratic means when they believe such an effort can prevent or reconcile conflicts that may arise. Farmers, on the other hand, do not show intense interest in reforming the township government except for a few activists or those whose rights and interests have been disrupted by the township government. Most of the farmers tend to be satisfied so long as they are left alone without being bothered with taxes or fees, and cadres remain impartial over matters like land and public facilities, and are not involved in corruption.

#### CONCLUSIONS

- No drastic political reform should be expected in the near future as too many interconnected issues are involved. Streamlining of the township government would mean a large number of employees need to be laid off. Without well conceived or coordinated reemployment schemes, they may join farmers on petition trips.
- Rural governance can only be improved within the current political framework by strengthening the measures to monitor government by the local Congress and farmers' organizations.
- Chinese rural governments have no impetus to initiate their own reform, even though there is significant demand for reform from individuals within the local government. Reform can only be initiated by outside pressure, namely from farmers.
- The central government's current rural policies cannot solve the fundamental problem of governance in the rural areas. They may pacify farmers for certain periods, but they do not offer long term solutions. Given all the problems that the township government faces, and the fact that most of them are not fully functioning, the policies may not be effectively implemented. Without redefinition of township government's functions or thorough reform, sound rural governance may not be possible.

